IVANHOE MINES LTD
Form 6-K
April 04, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
From: March 30, 2007
IVANHOE MINES LTD.
(Translation of Registrant s Name into English)
Suite 654 999 CANADA PLACE, VANCOUVER, BRITISH COLUMBIA V6C 3E1
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F- o Form 40-F- þ

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes: o No: þ

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-___.)

Enclosed:
Management proxy circular and Notice of Meeting
Proxy
Supplemental return card
Electronic consent
December 31, 2006 financial statements, notes and MD & A

SIGNATURES

Pursuant to the requirements 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.

	IVANHOE MINES LTD.
Date: March 30, 2007	By: */s/ Beverly A. Bartlett* BEVERLY A. BARTLETT Vice President & Corporate Secretary

Notice of Annual Meeting of the Shareholders
and
Management Proxy Circular
of
IVANHOE MINES LTD.
DATED: March 22, 2007

IVANHOE MINES LTD.
Notice of Annual General Meeting of Shareholders
May 11, 2007

NOTICE IS HEREBY GIVEN that an Annual General Meeting of shareholders of Ivanhoe Mines Ltd. (the Corporation) will be held on Friday, May 11, 2007, at 9:00 a.m. local time, in Terraces A & B of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia for the following purposes:

1. to receive the annual report of the directors to the shareholders;

2. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2006 and the auditors report thereon;

3. to elect directors for the ensuing year;

4. to appoint auditors for the ensuing year and to authorize the directors to fix the auditors remuneration;

5. to consider, and if thought advisable, to pass an ordinary resolution authorizing the Corporation to amend and restate the Employees and Directors Equity Incentive Plan (the Incentive Plan) to: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation s existing Incentive Plan to 37,000,000 Common Shares under the proposed amended and restated plan; (ii) increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Incentive Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) amend the existing Incentive Plan s general amendment provisions to comply with recent amendments to the rules and policies of the Toronto Stock Exchange; and (iv) make other technical amendments to the existing Incentive Plan;

6. to consider, and if thought advisable, to confirm revisions to the By-Laws of the Corporation to allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008; and

7. to transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed March 21, 2007 as the Record Date for the determination of shareholders entitled to notice of, and to vote at, this Annual General Meeting and at any adjournment thereof.

A Management Proxy Circular, Form of Proxy, the Audited Consolidated Financial Statements and Management s Discussion and Analysis for the year ended December 31, 2006 and return envelope accompany this Notice of Meeting.

A shareholder, who is unable to attend the Meeting in person and who wishes to ensure that such shareholder s shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.

Dated at Vancouver, British Columbia, this 22nd day of March, 2007.

BY ORDER OF THE BOARD

Beverly A. Bartlett

Vice President and Corporate Secretary

IVANHOE MINES LTD.
World Trade Centre
Suite 654 999 Canada Place
Vancouver, British Columbia, V6C 3E1

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This Management Proxy Circular is furnished to the holders of common shares (shareholders) of IVANHOE MINES LTD. (the Corporation) by management of the Corporation in connection with the solicitation of proxies to be voted at the Annual General Meeting (the Meeting) of the shareholders to be held at 9:00 a.m., local time, on May 11, 2007 in Terraces A & B of the Terminal City Club located at 837 W. Hastings Street, Vancouver, British Columbia, and at any adjournment thereof, for the purposes set forth in the Notice of Meeting.

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

The Board of Directors of the Corporation has fixed the close of business on March 21, 2007 as the record date, being the date for the determination of the registered shareholders entitled to receive notice of, and to vote at, the Meeting (the Record Date).

Unless otherwise stated, the information contained in this Management Proxy Circular is as of March 22, 2007. All dollar amounts are expressed in Canadian dollars (Cdn.$) or United States dollars (U.S.$) as indicated.

APPOINTMENT OF PROXYHOLDERS

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder and on the shareholder s behalf.

The individuals named in the enclosed form of proxy are directors and/or officers of the Corporation. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the enclosed form of proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, (a Proxy) is deposited with CIBC Mellon Trust Company, by facsimile to (416) 368-3976 or 1-866-781-3111, by

mail to P.O. Box 1900, Vancouver, British Columbia, V6E 3X1 or P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by hand to The Oceanic Plaza, 1600 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6, and received by CIBC Mellon Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

REVOCATION OF PROXIES

A shareholder who has given a Proxy may revoke the Proxy

(a) by depositing an instrument in writing executed by the shareholder or by the shareholder s attorney authorized in writing

  (i) with CIBC Mellon Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used,

  (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the Proxy is to be used,

  (iii) with the chairman of the Meeting on the day of the Meeting or an adjournment thereof, or

(b) in any other manner provided by law.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

EXERCISE OF DISCRETION

The persons named in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction in respect of a particular matter, such shares will be voted in favour of such matter. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** As of the date of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

VOTES NECESSARY TO PASS RESOLUTIONS

The Corporation s by-laws provide that the quorum for the transaction of business at the Meeting is at least one individual present at the commencement of the Meeting holding, or representing by form of proxy the holder or holders of, common shares carrying, in the aggregate, not less than thirty-three and one-third percent (33-1/3%) of the votes eligible to be cast at the Meeting.

Under the *Yukon Business Corporations Act* (the YBCA) a majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

Shareholders will also be asked to elect directors and appoint auditors for the ensuing year. If there are more nominees for election as directors or appointment as the Corporation s auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

At the Meeting, shareholders will be asked to consider and, if deemed warranted, to pass an ordinary resolution, the full text of which is set out as Schedule B hereto (the Equity Incentive Plan Resolution), all as more particularly described in this Management Proxy Circular under Particulars of Matters to be Acted Upon Amended and Restated Equity Incentive Plan , authorizing the Corporation to: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation s existing Incentive Plan to 37,000,000 Common Shares under the proposed amended and restated plan; (ii) increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Incentive Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) amend the existing Incentive Plan s general amendment provisions to comply with recent amendments to the rules and policies of the Toronto Stock Exchange; and (iv) make other technical amendments to the existing Incentive Plan. The Equity Incentive Plan Resolution is an ordinary resolution and, as such, requires approval by a majority of the votes cast by shareholders at the Meeting.

Shareholders will also be asked to consider at the Meeting and, if deemed warranted, to pass an ordinary resolution, the full text of which is set out under Particulars of Matters to be Acted Upon By-Law Amendment Resolution in this Management Proxy Circular (the By-Law Amendment Resolution) confirming revisions to the By-Laws of the Corporation enacted by the Board on March 9, 2007 to allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008. The By-Law Amendment Resolution is an ordinary resolution and, as such, requires approval by a majority of the votes cast by shareholders at the Meeting.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Corporation are non-registered shareholders (Non-Registered Shareholders) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either:

(i) in the name of an intermediary (an Intermediary) that the Non-Registered Shareholder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or

(ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting, this Management Proxy Circular, the form of proxy and the request form (collectively, the Meeting Materials) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

(a) a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a voting instruction form) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(b) a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Corporation, c/o CIBC Mellon Trust Company, The Oceanic Plaza, 1600 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person s name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a form of proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder s common shares of the Corporation are held and following the instructions of the intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS

The Corporation s authorized capital consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value.

As of March 22, 2007, the Corporation had issued 373,917,043 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. As of such date, no Preferred Shares were issued or outstanding.

A holder of record of one or more Common Shares on the securities register of the Corporation on the Record Date who either attends the Meeting personally or deposits a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have such share or shares voted at the Meeting, except to the extent that

(a) the shareholder has transferred the ownership of any such share after the Record Date, and

(b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred shares and makes a demand to CIBC Mellon Trust Company no later than 10 days before the Meeting that the transferee s name be included in the list of shareholders in respect thereof.

To the knowledge of the directors and senior officers of the Corporation, the only persons who beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to the outstanding Common Shares of the Corporation, the approximate number of Common Shares so owned, controlled or directed and the percentage of voting shares of the Corporation represented by such shares and the share ownership by the current directors and senior officers of the Corporation as a group are:

Name and Address	Number of Shares Owned, Controlled or Directed	Percentage of Shares Outstanding
Robert M. Friedland Singapore	100,942,325(1)	27.0%
Tradewinds Global Investors LLC California, U.S.A. (2)(3)	41,329,001(4)	11.05%
Directors and Officers as a group(5)	101,772,370(6)	27.12%

(1) Common Shares are held directly (as to 19,810,801 shares) and indirectly through Newstar Securities SRL (as to 30,808,992 shares), a company beneficially owned and controlled by Mr. Friedland, and Goldamere Holdings SRL

(as to 50,322,533 shares), a company beneficially owned and controlled as to 91.91% by Mr. Friedland. Common Shares held directly and indirectly by Mr. Friedland do not include 2,000,000 unissued Common Shares issuable upon the exercise of incentive stock options.

(2) Tradewinds Global Investors LLC (Tradewinds) is an advisory and investment management subsidiary of Nuveen Investments Inc. (NYSE: JNC) (Nuveen) focused on international and global equity investing. Nuveen is a provider of investment advisory services and a distributor of open-end, closed-end and managed account products to affluent,

high-net-worth and institutional investors. See note 3 below.

(3) Information relating to Tradewinds is not within the knowledge of management of the Corporation and has been derived from filings with the U.S. Securities and Exchange Commission.

(4) Represents the number of Common Shares held by Tradewinds as of March 19, 2007.

(5) Common Shares held by the directors and senior officers as a group do not include 8,993,100 unissued Common Shares issuable upon the exercise of incentive stock options.

(6) Includes 100,942,325 Common Shares held directly and indirectly by Robert M. Friedland.

In addition to the foregoing, Rio Tinto International Holdings Ltd., of London, England (Rio Tinto) owns 37,089,883 shares (being 9.92% of the issued and outstanding Common Shares). Pursuant to an agreement dated October 18, 2006 (the Rio Tinto Agreement), Rio Tinto is obligated to subscribe for an additional 46,304,473 shares upon the completion of certain conditions precedent, including the completion of an investment contract with the Government of Mongolia in connection with the Corporation s Oyu Tolgoi project (the Investment Contract). If such investment is completed, Rio Tinto would hold approximately 19.9% of the Corporation s issued and outstanding Common Shares. Rio Tinto also holds warrants to purchase up to 92,053,044 shares at prices between U.S.$8.38 and U.S.$9.02 per share until two years after the earlier of completion of the Investment Contract and October 27, 2009. If, in addition to completing the second tranche investment, the warrants are fully exercised, Rio Tinto would hold approximately 34.25% of the Corporation s issued and outstanding Common Shares.

Pursuant to the Rio Tinto Agreement, Rio Tinto is entitled to nominate a person or persons for appointment or election to the Board from time to time in proportion to the percentage of the Corporation s issued and outstanding shares it holds. Mr. Bret Clayton, an executive officer of Rio Tinto, has been nominated as one of management s nominees for election as a Director of the Corporation at the Meeting. See Election of Directors Management Nominees .

Concurrent with the Rio Tinto Agreement, Rio Tinto and Robert M. Friedland entered into a shareholders agreement, whereby Mr. Friedland has agreed to vote or cause to be voted any Common Shares he controls, directly or indirectly, in favour of any transaction contemplated by the Rio Tinto Agreement.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, any proposed nominee for director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except as disclosed in this Information Circular.

ELECTION OF DIRECTORS

Term of Office

The Corporation s articles provide that the number of directors of the Corporation will be a minimum of three and a maximum of 12. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director s office is earlier vacated in accordance with the provisions of the YBCA, each director elected will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

Management Nominees

The following table sets out the names of management s nominees for election as directors, their ages, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee s principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at March 22, 2007, and the number of options to purchase Common Shares of the Corporation held by each as at March 22, 2007.

Robert M. Friedland
Singapore
Age: 56
Executive Chairman
Director Since: 1994
Director Status:
Non-Independent
(Management)

Mr. Friedland is the founder and Executive Chairman of the Corporation. He has been a member of the Corporation s Executive Committee since its formation in March, 2005.
He is Chairman and President of Ivanhoe Capital Corporation, a company based in Singapore and Beijing that specializes in venture capital and project financing for international business enterprises, predominantly in the resource sector. He also is a co-founder and Deputy Chairman, Capital Markets, for Ivanhoe Energy, which is developing advanced, proprietary technology that converts heavy oil into lighter crude oil.
Mr. Friedland was named 2006 Mining Person of the Year by the Northern Miner publishing group of Canada for his success in negotiating a strategic partnership between Ivanhoe Mines and Rio Tinto to develop the Corporation s Oyu Tolgoi copper-gold project in Mongolia. Following his earlier role in the discovery and sale of the Voisey s Bay nickel-copper-cobalt deposit in Eastern Canada, he was named Developer of the Year in 1996 by the Prospectors and Developers Association of Canada for his work in establishing and financing companies engaged in mineral exploration and development around the world.
Mr. Friedland graduated from Reed College, Oregon, in 1974 with an undergraduate degree in political science.

Principal Occupation, Business or Employment(1)
Chairman of the Corporation (March 1994 present); Chief Executive Officer of the Corporation (March 1994 2006); Chairman and President, Ivanhoe Capital Corporation (1998 to Present).

Board/Committee Membership:	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	5 of 7	71%	Ivanhoe Energy Inc. (TSX; NASDAQ)	1995
Executive Committee	2 of 2	100%		

Common Shares Beneficially Owned, Controlled or Directed(1) (2):

Year	Common Shares	Total Market Value of Common Shares(8)
2006	100,942,326	$1,372,815,633
2005	100,834,334	$916,584,096

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price(9)	Total Unexercised	Value of Unexercised Options(10)
Mar. 27, 2006	Mar. 27, 2013	2,000,000	900,000/ 1,100,000(11)	$9.73	2,000,000	$7,740,000

Peter Meredith
North Vancouver,
British Columbia, Canada
Age: 63
Deputy Chairman
Director Since: 2005
Director Status:
Non-Independent
(Management)

Peter Meredith became the Corporation s Deputy Chairman in May, 2006 and oversees the Corporation s business development and corporate relations. Mr. Meredith was the Corporation s CFO from May, 2004 to May, 2006 and from June, 1999 to November, 2001.
Prior to joining the Corporation, Mr. Meredith spent 31 years with Deloitte & Touche LLP, chartered accountants, and retired as a partner in 1996.
Mr. Meredith is a Chartered Accountant, a Certified Management Accountant and a member of the Canadian Institute of Chartered Accountants.

Principal Occupation, Business or Employment[(1)]
Deputy Chairman (May 2006 present); Chief Financial Officer of the Corporation (June 1999 November 2001; May 2004 May 2006); Chief Financial Officer, Ivanhoe Capital Corporation (1996 present); Senior Partner, Deloitte & Touche, chartered accountants (1966 1996)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership: Company:	Since:
Board of Directors	7 of 7	100%	Jinshan Gold Mines Inc. (TSX)	2004
Executive Committee	2 of 2	100%	Olympus Pacific Minerals Inc. (TSX)	2004
			Asia Gold Corp. (TSX-V)	2003
			Entrée Gold Inc. (TSX; AMEX)	2002
			Great Canadian Gaming Corporation (TSX)	2000

Common Shares Beneficially Owned, Controlled or Directed[(1) (2)]:

Year	Common Shares	Total Market Value of Common Shares[(8)]
2006	68,195	$927,452
2005	87,452	$794,938.68

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]

Mar. 27, 2006	Mar. 27, 2013	400,000	180,000/ 220,000(12)	$9.73	400,000	$1,548,000
May 14, 2004	May 14, 2009	200,000	120,000/ 80,000(13)	$8.20	200,000	$1,080,000
Feb. 4, 2004	Feb. 4, 2009	50,000	40,000/ 10,000(14)	$7.69	50,000	$295,000

John Macken
Co. Louth, Ireland
Age: 55
President and Chief Executive Officer
Director Since: 2004
Director Status:
Non-Independent (Management)

John Macken joined the Corporation in November, 2003 and is its President and Chief Executive Officer. He has been a member of the Corporation s Executive Committee since its formation in March, 2005. Prior to joining the Corporation,
Mr. Macken had spent 19 years with Freeport McMoran Copper and Gold, most recently as Freeport s Senior Vice-President of Strategic Planning and Development.
Mr. Macken spent a total of 13 years with Freeport s operating unit, P.T. Freeport Indonesia, and from 1996 to 2000 he held the position of Senior Vice-President, Strategic Planning and Development at Freeport s Grasberg open pit and underground mining complex in Papua, the world s largest single copper and gold mine. Between 1996 and 1998, Mr. Macken headed and completed ahead of schedule and under budget an expansion valued at almost U.S.$1 billion at the Grasberg mining complex.
Mr. Macken graduated from Trinity College in Dublin in 1976 with a BA and BAI (Hon) in engineering.

Principal Occupation, Business or Employment[1]
Chief Executive Officer of the Corporation (May, 2006 present); President of the Corporation (January 2004 present); Consultant (2000 January, 2004); Senior Vice President of Freeport McMoran Copper & Gold (1996 2000)

Board/Committee Membership:	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	7 of 7	100%	N/A	N/A
Executive Committee	2 of 2	100%		

Common Shares Beneficially Owned, Controlled or Directed[1] [2]:

Year	Common Shares	Total Market Value of Common Shares[8]
2006	6,214	$84,510
2005	NIL	NIL

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[9]	Total Unexercised	Value of Unexercised Options[10]
Mar. 27, 2006	Mar. 27, 2013	2,000,000	900,000/ 1,100,000[11]	$9.73	2,000,000	$7,740,000
Mar. 30, 2004	Mar. 30, 2014	1,000,000	1,000,000/ NIL	$7.78	1,000,000	$5,820,000
Nov. 1, 2003	Nov. 1, 2013	1,000,000	1,000,000/ NIL	$12.70	1,000,000	$900,000

David Huberman
Vancouver, British Columbia
Canada
Age: 72
Lead Director
Director Since: 2003
Director Status:
Independent

David Huberman is the President of Coda Consulting Corp., a law and business consulting firm. He practiced business law from 1972 until 1996 as a senior partner of a Canadian business law firm, specializing in corporate, commercial, banking, securities, regulatory and mining law. From 1997 to 1999, he served as Executive Vice President and General Counsel of Lions Gate Entertainment Corp.
Mr. Huberman received his B.A. and LL.B. from the University of British Columbia and his LL.M. from Harvard Law School. He was called to the British Columbia bar in 1960 and was a full time member of the Faculty of Law at the University of British Columbia from 1960 to 1972, focusing on corporation, securities and administrative law.
Mr. Huberman was appointed to the Corporation s Board of Directors as Lead Independent Director in September, 2003 and as Chairman of the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee in November, 2003. He has been a member of the Corporation s Executive Committee since its formation in March, 2005.

Principal Occupation, Business or Employment[1]
President, Coda Consulting Corp. (1993 present)

Board/Committee Membership:	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	7 of 7	100%	N/A	N/A
Executive Committee	2 of 2	100%		
Corporate Governance & Nominating Committee Chairman	4 of 4	100%		
Compensation & Benefits Committee Chairman	5 of 5	100%		
Non-Management Directors	5 of 5	100%		

Common Shares Beneficially Owned, Controlled or Directed[1] [2]**:**

Year	Common Shares	Total Market Value of Common Shares[8]	Minimum Share Ownership Required[7]
2006	20,000	$272,000	20,000
2005	20,000	$181,800	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[9]	Total Unexercised	Value of Unexercised Options[10]

May 12, 2006	May 12, 2011	25,000	NIL/ 25,000(15)	$10.56	25,000	$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	$9.37	25,000	$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	$7.00	25,000	$165,000
Sept. 16, 2003	Sept. 16, 2008	210,000	160,000/ 50,000(16)	$6.75	210,000	$1,438,500

R. Edward Flood
Reno, Nevada, United States
Age: 61
Director Since: 1995
Director Status:
Non-Independent[3]

Ed Flood is the Chairman of Western Uranium Corporation, a mineral exploration company with a focus on uranium. He is also Managing Director, Investment Banking, for Haywood Securities (UK) Ltd., a subsidiary of one of Canada s leading independent investment dealers. He served as Deputy Chairman of the Corporation until February, 2007, assisting in developing the Corporation s growth and its establishment as a significant presence in Asia s mineral exploration and mining sectors. Mr. Flood was the Corporation s founding President.
Prior to joining the Corporation, from 1993 to 1995, Mr. Flood was a principal at Robertson Stephens & Co., a U.S. investment bank and a member of Robertson Stephens investment team. From 1983 to 1993, he served as Manager, Project Evaluation for NERCO Minerals Company. He has also held the position of senior mining analyst with Haywood Securities Inc from 1999 to 2001.
Mr. Flood holds a Masters of Science (Geology) degree from the University of Montana and a BSc (Geology) degree from the University of Nevada.

Principal Occupation, Business or Employment[1]
Chairman of Western Uranium Corporation (March 2007 present); Managing Director, Investment Banking, Haywood Securities (UK) Ltd. (March 2007 present); Deputy Chairman of the Corporation (May 1999 February 2007); Senior Mining Analyst, Haywood Securities Inc. (May 1999 November 2001), President of the Corporation (1995 1999)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership: Company:	Since:
Board of Directors	7 of 7	100%	Western Uranium Corporation (TSX-V) Chairman	2007
			Asia Gold Corp. (TSX-V)	2003
			Jinshan Gold Mines Inc. (TSX)	2002
			Ivanhoe Energy Inc. (TSX; NASDAQ) (will cease as a director of Ivanhoe Energy Inc. at the conclusion of the next annual meeting of shareholders, scheduled for May 3, 2007)	1999

Common Shares Beneficially Owned, Controlled or Directed[1] [2]:

Year	Common Shares	Total Market Value of Common Shares[8]

2006	313,585	$4,264,756
2005	145,192	$1,319,795

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[9]	Total Unexercised	Value of Unexercised Options[10]
Mar. 27, 2006	Mar. 27, 2013	300,000	135,000/ 165,000[17]	$9.73	300,000	$1,161,000

John Weatherall
Kingston, Ontario
Canada
Age: 74
Director Since: 1996
Director Status:
Independent

John Weatherall is the President of Scarthingmoor Asset Management Inc. Mr. Weatherall was Chairman of TD Asset Management, the investment unit of a Canadian chartered bank, and earlier head of Institutional Equity with responsibility for investment research at Wood Gundy Inc., and Greenshields Inc. He has served as a director on the Board of Slocan Forest Products, Greenshields Inc., and Wood Gundy Inc., and was for many years Chairman of Okanagan Skeena Group Ltd.
Mr. Weatherall has previously served on the audit committees of five publicly traded companies.

Principal Occupation, Business or Employment[(1)]
President, Scarthingmoor Asset Management Inc. (April 1996 present)

Board/Committee Membership:	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	7 of 7	100%		
Audit Committee Chairman	3 of 4	75%	IFL Investment Foundation (Canada) Limited (TSX-V) (member of Audit Committee)	2006
Corporate Governance & Nominating Committee	4 of 4	100%		
Non-Management Directors	3 of 5	60%	Stratic Energy Corporation (TSX)	2004

Common Shares Beneficially Owned, Controlled or Directed[(1) (2)]:

Year	Common Shares	Total Market Value of Common Shares[(8)]	Minimum Share Ownership Required[(7)]
2006	74,500	$1,013,200	20,000
2005	74,500	$677,205	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000[(15)]	$10.56	25,000	$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	$9.37	25,000	$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	$7.00	25,000	$165,000
June 12, 2003	June 12, 2008	50,000	40,000/ 10,000[(18)]	$3.25	50,000	$517,500

Kjeld Thygesen
London, England
United Kingdom
Age: 60
Director Since: 2001
Director Status:
Independent

Kjeld Thygesen is the Managing Director of Lion Resource Management.
Kjeld Thygesen has over 30 years experience as an analyst and fund manager in the resource sector. A graduate of the University of Natal in South Africa, he joined African Selection Trust, a subsidiary of Selection Trust Limited, in 1970, researching and managing a portfolio of South African mining companies.
In 1972, Mr. Thygesen joined James Capel & Co. in London, England and served as a member of their gold and mining research team. In 1979, he joined N.M. Rothschild & Sons Limited as manager of its Commodities and Natural Resources Department with overall responsibility for strategy and management of commodity trusts and precious metal funds. Mr. Thygesen became an executive director of N.M. Rothschild Asset Management Limited in 1984 and N.M. Rothschild International Asset Management Limited in 1987. Mr. Thygesen left the N.M. Rothschild Group in 1989 to co-found Lion Resource Management Limited, an FSA regulated and SEC registered specialist investment manager in the mining and natural resources sector.

Principal Occupation, Business or Employment(1)
Managing Director of Lion Resource Management (May 1989 present)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership: Company:	Since:
Board of Directors	6 of 7	86%	Superior Mining Corporation (TSX-V)	2005
Audit Committee	4 of 4	100%		
Corporate Governance & Nominating Committee	4 of 4	100%		
Compensation & Benefits Committee	5 of 5	100%		
Non-Management Directors	5 of 5	100%		

Common Shares Beneficially Owned, Controlled or Directed(1) (2):

Year	Common Shares	Total Market Value of Common Shares(8)	Minimum Share Ownership Required(7)
2006	150,000	$2,040,000	20,000
2005	150,000	$1,363,500	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price(9)	Total Unexercised	Value of Unexercised Options(10)
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000(15)	$10.56	25,000	$76,000

May 10, 2005	May 10, 2010	25,000	25,000/ NIL	$9.37	25,000	$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	$7.00	25,000	$165,000

The Hon. Robert Hanson
London, England
United Kingdom
Age: 46
Director Since: 2001
Director Status:
Independent

Robert Hanson is the Chairman of Hanson Westhouse Limited and Hanson Capital Investments Limited and the Hanson Transport Group Limited, and he is also Managing Partner of Millennium Hanson Internet Partners. Mr. Hanson was formerly an Associate Director of N.M. Rothschild & Sons from 1983 to 1990, serving in Hong Kong, Chile and Spain. From 1990 to 1997, he served on the board of directors of Hanson plc responsible for strategy, mergers and acquisition transactions.
He was educated at Eton and received his MA in English Language & Literature from St Peter s College, Oxford.

Principal Occupation, Business or Employment(1)
Chairman of: Hanson Capital Investments Limited (February 1998 present); Hanson Transport Group (May 1990 present); and Hanson Westhouse (city of London merchant bank) (2006 present)

Board/Committee Membership:	2006 Attendance:		Other Public Company Board Membership: Company:	Since:
Board of Directors	6 of 7	86%	N/A	
Corporate Governance & Nominating Committee	3 of 4	75%		
Compensation & Benefits Committee	3 of 5	60%		
Non-Management Directors	4 of 5	80%		

Common Shares Beneficially Owned, Controlled or Directed(1) (2):

Year	Common Shares	Total Market Value of Common Shares(8)	Minimum Share Ownership Required(7)
2006	85,000	$1,156,000	20,000
2005	85,000	$772,650	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price(9)	Total Unexercised	Value of Unexercised Options(10)
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000(15)	$10.56	25,000	$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	$9.37	25,000	$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	$7.00	25,000	$165,000

Dr. Markus Faber
Chiang Mai, Thailand
Age: 61
Director Since: 2002
Director Status:
Independent

Markus Faber is the Managing Director of Marc Faber Ltd., an investment advisory and fund management firm. In addition,
Dr. Faber acts as an director and advisor to a number of private investment funds, and publishes a widely read monthly investment newsletter entitled The Gloom, Boom & Doom Report and is the author of several books including Tomorrow s Gold - Asia s Age of Discovery . He is a regular contributor to several leading financial publications around the world, including Forbes and Barron s. He has over 35 years experience in the finance industry, including acting as manager of an investment bank in the U.S. in which he routinely performed financial analysis on a range of different companies.
Dr. Faber received his PhD in Economics magna cum laude from the University of Zurich.

Principal Occupation, Business or Employment[(1)]
Managing Director, Marc Faber Ltd. (June 1990 present)

Board/Committee Membership:	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	7 of 7	100%	N/A	N/A
Audit Committee	4 of 4	100%		
Corporate Governance & Nominating Committee	3 of 4	75%		
Non-Management Directors	4 of 5	80%		

Common Shares Beneficially Owned, Controlled or Directed[(1) (2)]:

Year	Common Shares	Total Market Value of Common Shares[(8)]	Minimum Share Ownership Required[(7)]
2006	30,000	$408,000	20,000
2005	20,000	$181,800	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000[(15)]	$10.56	25,000	$76,000
May 10, 2005	May 10, 2010	25,000	25,000/ NIL	$9.37	25,000	$105,750
Sept. 3, 2004	Sept. 3, 2009	25,000	25,000/ NIL	$7.00	25,000	$165,000

Howard R. Balloch
Beijing, China
Age: 55
Director Since: 2005
Director Status:
Independent[(4)]

Howard Balloch is President and founding member of the investment advisory firm, The Balloch Group. He is currently Vice Chairman of the Canada China Business Council. Mr. Balloch was Canada s Ambassador to China from 1996 to 2001.
Mr. Balloch received his BA (Honours) Political Science and Economics from McGill University in 1971 and his M.A. International Relations from McGill University in 1972, and was enrolled in further post-graduate studies at the University of Toronto and at the Fondation Nationale de Sciences politiques in Paris from 1973 to 1976.

Principal Occupation, Business or Employment[(1)]
President, The Balloch Group (July 2001 present); Vice Chairman, Canada China Business Council (July 2001 present); Canadian Ambassador to China, Mongolia and Democratic Republic of Korea (April 1996 July 2001)

Board/Committee Membership:[(4)]	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	7 of 7	100%	East Energy Corp. (TSX-V)	2006
Corporate Governance & Nominating Committee	N/A[(4)]	N/A[(4)]	Methanex Corporation (TSX; NASDAQ)	2004
Compensation & Benefits Committee	N/A[(4)]	N/A[(4)]	Tiens Biotech Group (USA) Ltd. (OTCBB)	2003
Non-Management Directors	4 of 5	80%	Ivanhoe Energy Inc. (TSX; NASDAQ)	2002

Common Shares Beneficially Owned, Controlled or Directed[(1) (2)]:

Year	Common Shares	Total Market Value of Common Shares[(8)]	Minimum Share Ownership Required[(7)]
2006	50,000	$680,000	20,000
2005	7,000	$63,630	

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000[(15)]	$10.56	25,000	$76,000
Mar. 11, 2005	Mar. 11, 2010	25,000	25,000/ NIL	$10.51	25,000	$77,250

David Korbin
West Vancouver, British Columbia, Canada
Age: 65
Director Since: 2006
Director Status:
Independent

David Korbin, a management and financial consultant, was appointed to the Corporation s Board of Directors in May, 2006. He is a director of E-Comm Emergency Communications for Southwest British Columbia Incorporated, and acted as Chairman of
E-Comm s board of directors from 2003 to 2006 and as Chair of their audit committee from 2001 to 2004. From 1992 to 2000, he was a director of the Vancouver General Hospital (Audit Committee Chair: 1993-4) and the Vancouver Hospital and Health Sciences Centre (Chair: 1995-8).
Mr. Korbin qualified as a Chartered Accountant in 1966, and prior to 1987 served as managing partner of a number of smaller accounting firms. From 1990 to 1992 he was a managing partner of the Vancouver office of Deloitte & Touche LLP.

Principal Occupation, Business or Employment[(1)]
Independent Financial Consultant

Board/Committee Membership:[(5)]	**2006 Attendance:**		**Other Public Company Board Membership: Company:**	**Since:**
Board of Directors	4 of 4	100%	Seaspan Corporation (NYSE) (Chair of Audit Committee since 2005)	2005
Audit Committee	2 of 2	100%		
Corporate Governance & Nominating Committee	1 of 1	100%		
Compensation & Benefits Committee	2 of 2	100%		
Non-Management Directors	2 of 2	100%		

Common Shares Beneficially Owned, Controlled or Directed[(1)] [(2)]:

Year	Common Shares	Total Market Value of Common Shares[(8)]	Minimum Share Ownership Required[(7)]
2006	5,000	$68,000	20,000

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]
May 12, 2006	May 12, 2011	25,000	NIL/ 25,000[(15)]	$10.56	25,000	$76,000

Bret K. Clayton[(6)]
London, England, United Kingdom
Age: 45
Director Since: nominee
Director Status:
Non-Independent[(6)]

Bret Clayton is Chief Executive of Rio Tinto Copper based in London. Mr. Clayton provides management oversight to the Copper group, which comprises Kennecott Utah Copper and Kennecott Minerals Company in the United States, and interests in the copper mines of Escondida in Chile, Grasberg in Indonesia, Northparkes in Australia, Palabora in South Africa, as well as the Oyu Tolgoi copper project in Mongolia, the Resolution copper project in the United States and the La Granja copper project in Peru.
During his career with Rio Tinto group, Mr. Clayton has held numerous senior management positions, including President and CEO of Rio Tinto Energy America, Head of Financial Planning and Reporting for Rio Tinto plc in London and General Manager Commercial and Chief Financial Officer for Hamersley Iron and Rio Tinto Iron Ore in Perth, Australia.
Mr. Clayton holds a Bachelor of Arts Degree in Accounting from the University of Utah in Salt Lake City and is a graduate of the International Executive Management Program of INSEAD in Fontainebleau, France.

Principal Occupation, Business or Employment
Chief Executive, Rio Tinto Copper (July 2006-present); prior thereto, President and CEO of Rio Tinto America (October 2002 to July 2006)

Board/Committee Membership:	**Attendance:**	**Other Public Company Board Membership: Company**	**Since**
N/A	N/A	N/A	N/A

Common Shares Beneficially Owned, Controlled or Directed[(1) (2)]:

Common Shares	Total Market Value of Common Shares[(8)]
NIL	NIL

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price[(9)]	Total Unexercised	Value of Unexercised Options[(10)]
N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a

nominee is not within the knowledge of the management of the Corporation and has been furnished by the nominee.

(2) Does not include unissued common shares issuable upon the exercise of incentive stock options.

(3) Mr. Flood served as Deputy Chairman of the Corporation and a member of management until February 15, 2007 and is accordingly considered to be non-independent .

(4) On January 2, 2007, Mr. Balloch qualified as an independent director under the applicable standards of the CSA Corporate Governance Guidelines, the NYSE Corporate Governance Rules and the NASDAQ Corporate Governance Rules. He became a member of each of the Corporate Governance & Nominating Committee and

the Compensation & Benefits Committee on January 12, 2007.

(5) Mr. Korbin joined the Board of Directors and the Audit Committee on May 12, 2006. He became a member of each of the Corporate Governance & Nominating Committee and the Compensation & Benefits Committee on August 11, 2006.

(6) Mr. Clayton has been nominated for election as a Director by Rio Tinto pursuant to the provisions of the Rio Tinto Agreement (see Voting Shares and Principal Holders), and is considered to be non-independent by virtue of the significant investment of Rio Tinto in the Corporation. From November 10, 2006 until the date of the Meeting, Mr. Tom Albanese, the Director, Group Resources, and CEO designate of Rio Tinto, has served as a

member of the Board pursuant to the provisions of the Rio Tinto Agreement.

(7) All independent Directors are required to beneficially own and hold a minimum of 20,000 Common Shares for as long as they are a Director of the Corporation. These Common Shares may be held either directly in the name of the Director or indirectly in the name of a company controlled by the Director. All current independent Director nominees, except Mr. Korbin, have met this minimum shareholding requirement. Mr. Korbin, first elected in 2006, has until May 12, 2009 to meet the share ownership requirement.

(8) The Total Market Value of Common Shares is calculated by multiplying the closing price of the common

shares of the Corporation on the Toronto Stock Exchange on March 22, 2007 ($13.60) and March 22, 2006 ($9.09), respectively, by the number of common shares held by the nominee as at the end of the prior year.

(9) The Exercise Price is the closing price of the Common Shares on the Toronto Stock Exchange on the day prior to the grant date.

(10) The Value of Unexercised Options is calculated on the basis of the difference between the closing price of the common shares on the Toronto Stock Exchange on March 22, 2007 and the Exercise Price of the options multiplied by the number of unexercised options on March 22, 2007.

(11) The 1,100,000 unvested options will vest as follows: 300,000

will vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007; 300,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 500,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.

(12) The 220,000 unvested options will vest as follows: 60,000 to vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007;

60,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 100,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.

(13) 40,000 unvested options will vest on May 14, 2007 and the remaining 40,000 unvested options will vest on May 14, 2008.

(14) 10,000 unvested options will vest on February 4, 2008.

(15) 25,000 unvested options will vest on May 12, 2007.

(16)

50,000 unvested options will vest on September 16, 2007.

(17) The 165,000 unvested options will vest as follows: 45,000 will vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007; 45,000 will vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008; and the remaining 75,000 will vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.

(18)

10,000 unvested
options will vest
on June 12,
2007.

Summary of Board and Committee Meetings Held

The following table summarizes Board and Committee meetings held during the year ended December 31, 2006:

Board of Directors	7
Audit Committee	4
Compensation and Benefits Committee	5
Corporate Governance and Nominating Committee	4
Executive Committee	2

During 2006, three meetings of the Board, two meetings of the Compensation and Benefits Committee, one meeting of the Audit Committee and one meeting of the Corporate Governance and Nominating Committee were held by teleconference. In addition, there were 26 resolutions passed in writing by the Board, seven by the Compensation and Benefits Committee, two by the Corporate Governance and Nominating Committee, and three by the Executive Committee. No resolutions in writing were passed by the Audit Committee in 2006. Resolutions in writing must be executed by all of the directors entitled to vote on a matter.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditors of the Corporation at remuneration to be fixed by the Board of Directors. Deloitte & Touche LLP have been the Corporation s auditors since January 1995.

Fees billed by Deloitte & Touche LLP and its affiliates during fiscal 2006 and fiscal 2005 were approximately Cdn$2,534,000 and Cdn$1,343,000, respectively. The aggregate fees billed by the auditors in fiscal 2006 and fiscal 2005 are detailed below.

(Canadian $ in 000 s)	2006	2005
Audit Fees (a)	$1,588	$ 936
Audit Related Fees (b)	$ 246	$ 208
Tax Fees (c)	$ 700	$ 200
All Other Fees		
Total	$2,534	$1,343

(a) Fees for audit services billed or expected to be billed relating to fiscal 2006 and 2005 consisted of:

- audit of the Corporation s annual statutory financial statements;
- reviews of the Corporation s quarterly financial statements; and
- comfort letters, consents, and other services related to SEC and Canadian securities regulatory authorities matters.

In addition, in 2006 fees were paid for services provided in connection with review pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the required attestations relating to internal controls.

(b) Fees for audit-related services provided during fiscal 2006 and 2005 consisted of financial accounting and reporting consultations and audit of annual statutory financial statements of the Corporation s subsidiaries.

(c) Fees for tax services provided during fiscal 2006 and 2005 consisted of income tax compliance, and tax planning and advice relating to transactions and proposed transactions of the Corporation and its subsidiaries.

(d) The Corporation did not incur fees for products and services provided by its principal accountant during fiscal 2006 and 2005 not disclosed in subsections (a), (b) or (c).

Pre-Approval Policies and Procedures

All services to be performed by the Corporation s independent auditor must be approved in advance by the Audit Committee or a designated member of the Audit Committee (Designated Member). The Designated Member is a member of the Audit Committee who has been given the authority to grant pre-approvals of permitted audit and non-audit services.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than any de minimis non-audit services allowed by applicable law or regulation. The decisions of the Designated Member to pre-approve a permitted service needs to be reported to the Audit Committee at its regularly scheduled meetings.

Pre-approval from the Audit Committee or Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Corporation s external auditors relating to the fees reported as audit, audit-related, tax and all other fees were pre-approved by the Audit Committee or the Designated Member.

PARTICULARS OF MATTERS TO BE ACTED UPON

Amended and Restated Equity Incentive Plan

Purpose

The Corporation is seeking authorization from its shareholders at the Meeting to amend and restate the Corporation s existing Employees and Directors Equity Incentive Plan (the Incentive Plan) to: (i) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance from 32,000,000 under the Corporation s existing Incentive Plan (the Existing Plan) to 37,000,000 Common Shares under the proposed amended and restated plan (the Amended Plan); (ii) increase the maximum number of Common Shares of the Corporation which may be allocated for issuance under the Bonus Plan component of the Existing Plan from 2,000,000 Common Shares to 3,500,000 Common Shares; (iii) to amend the Existing Plan s general amendment provisions to comply with recent amendments to the rules and policies of The Toronto Stock Exchange (TSX); and (iv) to make other technical amendments to the Existing Plan (the Incentive Plan Amendment Resolution). The TSX has approved the proposed amendments to the Existing Plan, subject to approval by the shareholders at the Meeting.

The Incentive Plan Amendment Resolution is attached to this Circular as Schedule B and the Amended Plan is attached as Schedule C to this Circular.

Summary of Existing Plan

Overview

The Existing Plan has three components: an Option Plan, which provides for the grant to eligible participants of incentive stock options exercisable to purchase Common Shares of the Corporation; a Bonus Plan, which provides for awards of fully paid Common Shares to eligible participants as and when determined to be warranted on the basis of past performance; and a Purchase Plan, under which eligible participants have the opportunity to purchase Common Shares through payroll deductions which are supplemented by Corporation contributions.

The eligible participants in the Existing Plan include directors of the Corporation or any affiliate, any full time and part time employees (including officers) of the Corporation or any affiliate thereof that the Board determines to be employees eligible for participation in the Existing Plan. Persons or companies engaged by the Corporation or an affiliate to provide services for an initial, renewable or extended period of 12 months or more are eligible for participation in the Existing Plan as the Board determines.

The Existing Plan is administered by the Compensation and Benefits Committee (the Committee) appointed by the Board.

Option Plan

Option Grants

The Option Plan authorizes the Board, on the recommendation of the Committee, to grant options to purchase Common Shares. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Option Plan, from time to time are determined by the Board, on the recommendation of the Committee, at the time of the grant, subject to the defined parameters of the Option Plan.

Exercise Price

The exercise price of any option granted under the Existing Plan cannot be less than the weighted average price of the Common Shares on the Toronto Stock Exchange for the five days on which Common Shares were traded immediately preceding the date of grant.

Exercise Period and Vesting

Options are exercisable for a period of time determined by the Board not exceeding five years from the date the option is granted. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of options is determined by the Board. Failing a specific vesting determination by the Board, options automatically become exercisable incrementally over a period of five years from the date of grant, as to one-fifth of the total number of shares under option in each such year. The right to exercise an option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

Cashless Exercise

Share appreciation rights may also be granted, at the discretion of the Board on the recommendation of the Committee, to an Optionee in conjunction with, or at any time following the grant of, an option. Share appreciation rights under the Existing Plan effectively allow an Optionee to exercise an option on a cashless basis by electing to relinquish, in whole or in part, the right to exercise the option and receive, in lieu thereof, a number of fully paid Common Shares. The number of Common Shares issuable on the exercise of share appreciation rights is equal to the quotient obtained by dividing the difference between the aggregate fair market value and the aggregate option price of all Common Shares subject to the option by the fair market value of one (1) Common Share.

Financial Assistance

The Board may, in its discretion but subject to applicable law, authorize the Corporation to make loans to employees (excluding any director or executive officer) to assist them in exercising options. The terms of any such loans include security, in favour of the Corporation, in the Common Shares issued upon exercise of the options, which security may be granted on a non-recourse basis. No such loans are currently outstanding.

Termination or Death

If an optionee dies while employed by the Corporation, any option held by him will be exercisable for a period of 12 months or prior to the expiration of the options (whichever is sooner) by the person to whom the rights of the optionee shall pass by will or applicable laws of descent and distribution. If an optionee is terminated for cause, no option will be exercisable unless the Board determines otherwise. If an optionee is terminated for any reason other than cause, then the options will be exercisable for a period of 12 months or prior to the expiration of the options (whichever is sooner).

Bonus Plan

The Bonus Plan permits the Board on the recommendation of the Committee to authorize the issuance, from time to time, of Common Shares to employees and directors of the Corporation and its affiliates. The criteria for determining if and when such awards should be made and the quantum of such awards is within the discretion of the Board. The Bonus Plan provides for the issuance of a maximum of 2,000,000 Common Shares in respect of bonus awards. Common Shares allocated to the Bonus Plan may be reallocated for issuance under the Option Plan or Purchase Plan and are then no longer available for issuance under the Bonus Plan.

Purchase Plan

Participation Criteria

Participants in the Purchase Plan are full-time employees of the Corporation who have completed at least one year (or less, at the discretion of the Board on the recommendation of the Committee) of continuous service and who elect to participate.

Contribution Limits

Eligible employees are entitled to contribute up to seven per cent (7%) of their annual basic salary to the Share Purchase Plan in semi-monthly installments. The Corporation (at the discretion of the Board) makes a contribution of up to one hundred per cent (100%) of the employee s contribution on a quarterly basis.

Number of Shares

Each participant receives, at the end of each calendar quarter during which he or she participates in the Purchase Plan, a number of Common Shares equal to the quotient obtained by dividing the aggregate amount of all contributions to the Purchase Plan by the participant, and by the Corporation on the participant s behalf, during the preceding quarter by the weighted average trading price of the Common Shares on the Toronto Stock Exchange during the quarter.

Termination of Employment

If the participant s employment with the Corporation is terminated for any reason, any portion of the participant s contribution then held in trust for a participant pending a quarterly purchase of Common Shares is returned to him or her or to his or her estate.

Transferability

Benefits, rights and options under the Existing Plan are non-transferable and during the lifetime of an Existing Plan participant, may only be exercised by such participant.

Amendment Procedure

The Board has the right to amend, modify or terminate the Existing Plan, in whole or in part, at any time if and when deemed advisable in the absolute discretion of the Board of Directors. However, any amendment to the Existing Plan which would materially increase the benefits under the Existing Plan, materially modify the requirements as to eligibility for participation in the Existing Plan or materially increase the number of Common Shares that may be issued or reserved for issuance under the Existing Plan will be effective only upon the approval of the shareholders of the Corporation, and, if required, the approval of any regulatory body having jurisdiction over the securities of the Corporation and the approval of any stock exchange on which the Common Shares are then listed for trading.

Share Issuance Limits

The aggregate maximum number of Common Shares which the Corporation may, from time to time, issue or reserve for issuance under the Existing Plan is 32,000,000 Common Shares. The aggregate number of Common Shares which the Corporation may at any time reserve for issuance under the Existing Plan to any one person may not exceed five per cent (5%), and to Insiders under the Existing Plan may not exceed ten per cent (10%), of the issued and outstanding Common Shares at such time. The aggregate number of Common Shares that may be issued within any one-year period to Insiders under the Existing Plan shall not exceed ten per cent (10%), and to any one Insider and his or her Associates under the Existing Plan may not exceed five per cent (5%), of the issued and outstanding Common Shares at such time.

Securities Issued and Unissued under the Existing Plan

There are currently 373,917,043 Common Shares of the Corporation issued and outstanding. Since the date of inception of the Existing Plan on June 26, 1996, the 32,000,000 Common Shares authorized for issuance under the Existing Plan have been issued or reserved for issuance as follows:

	Number of Common Shares	**% of Issued and Outstanding Common Shares**
Common Shares previously issued upon exercise of options under Option Plan	14,418,918	3.9%
Common Shares reserved for future issuance pursuant to unexercised options under Option Plan	13,243,734	3.54%
Common Shares previously issued pursuant to Purchase Plan	601,426	0.16%
Common Shares previously issued pursuant to Bonus Plan	826,120	0.22%
Unissued Common Shares available for future awards under Bonus Plan	572,454	0.15%
Unissued Common Shares available for future option grants under Option Plan and purchases under Purchase Plan	2,337,348	0.63%
Maximum number of Common Shares available for issuance	32,000,000	8.56%

There are no entitlements to Common Shares under the Existing Plan which are subject to ratification by shareholders.

Proposed Amendments

Maximum Number of Shares Under the Incentive Plan and the Bonus Plan

The Existing Plan currently provides that the aggregate number of Common Shares that may be issued or reserved for issuance may not exceed 32,000,000 Common Shares. There is currently a balance available of 2,337,348 Common Shares available for future grants under the Option Plan and purchases under the Purchase Plan.

The Corporation believes that incentive stock options are a valuable mechanism for incentivizing the Corporation s existing employees, attracting new employees and aligning their interests with those of the Corporation s shareholders. To provide the Corporation with the continued flexibility of granting incentive stock options under the Option Plan, the Corporation is seeking approval from the shareholders at the Meeting, as part of the Incentive Plan Amendment Resolution, to increase the number of Common Shares of the Corporation issuable under the Existing Plan to a maximum of 37,000,000 Common Shares, which would represent 9.895% of the Common Shares currently issued and outstanding.

The Existing Plan currently provides for the issuance of a maximum of 2,000,000 Common Shares (within the overall maximum number of Common Shares issuable under the Incentive Plan) in respect of bonus awards. Bonus awards are an integral part of the Corporation s compensation policy to reward extraordinary efforts of the Corporation s officers and employees. To date, 826,120 bonus shares have been issued under the Bonus Plan. To provide the Corporation with the flexibility of granting incentive bonus shares, the Corporation is seeking approval, as part of the Incentive Plan Amendment Resolution, to increase the maximum number of Common Shares of the Corporation issuable under the Bonus Plan component of the Existing Plan to 3,500,000 Common Shares under the Amended Plan. The proposed new share issuance limits appear as sections 3.2 and 5.1 of the Amended Plan attached as Schedule C to this Circular.

Detailed Amendment Procedure

In light of recent amendments to the rules of the TSX (the TSX Rules), the Corporation is seeking authorization from its shareholders to replace the general amendment provision contained in the Existing Plan with a more detailed amendment provision that is compliant with TSX Rules. The TSX Rules now require equity incentive plans to outline more specifically which amendments may be made with, and without, the approval of the Corporation s shareholders. In the absence of a revised amendment procedure that complies with the TSX Rules, the TSX requires shareholder approval for all amendments to an equity incentive plan.

The Corporation believes that in order to properly administer the Incentive Plan, the Board should continue to carry out certain amendments to the Incentive Plan and awards thereunder without having to seek shareholder approval for each such amendment. The Board has no current intention to make any amendments to the Plan, or any Options or awards thereunder, except as provided for in the Incentive Plan

Amendment Resolution. However, in order to adhere to the TSX Rules and to provide the Corporation with the flexibility to carry out certain amendments to the Incentive Plan without shareholder approval, the Corporation is seeking approval from the shareholders at the Meeting, as part of the Incentive Plan Amendment Resolution, to replace the general amendment provision in the Existing Plan with the more detailed amending provision in Section 5.7 of the Amended Plan which is attached as Schedule C to this Circular.

If the Amended Plan is adopted, the Board, based on the recommendation of the Compensation and Benefits Committee, will have the authority and discretion to amend the Incentive Plan and awards granted thereunder without shareholder approval for all matters, including the matters set forth in the proposed Section 5.7 of the Amended Plan, except for those matters requiring shareholder approval. Accordingly, under the Amended Plan, the Board will have the power to amend, suspend or terminate the Incentive Plan, and awards thereunder, including changes of a clerical or grammatical nature, changes regarding persons eligible to participate in the Incentive Plan, changes to the exercise price, vesting, terms and termination provisions of options, changes to the share appreciation right provisions, changes to the share bonus provisions (other than the maximum number of bonus shares issuable under the Incentive Plan), changes to the authority and role of the Compensation and Benefits Committee under the Incentive Plan, changes to the acceleration and vesting of options in the event of a take-over bid and other matters relating to the Option Plan and the awards granted thereunder. Subject to regulatory approval, shareholder approval will only be required for the following amendments:

(i) an amendment to the aggregate number of Shares that may be reserved for issuance under the Incentive Plan;

(ii) an amendment to the aggregate maximum number of Common Shares issuable under the Share Bonus Plan component of the Incentive Plan;

(iii) an amendment to the limitations on the maximum number of Shares that may be reserved for issuance, or issued, to Insiders under the Incentive Plan;

(iv) an amendment that would reduce the exercise price, or extend the expiry date, of an outstanding Option granted to an Insider under the Incentive Plan; or

(v) an amendment to the amending provisions under the Incentive Plan.

The proposed new amending provision appears as Section 5.7 of the Amended Plan which is attached as Schedule C to the Circular.

Blackout Expiration Term

Under the Corporation s Corporate Disclosure, Confidentiality and Securities Trading Policy, trading of the Corporation s securities, including the exercise by directors, officers, employees and certain others of options to purchase Common Shares of the Corporation, is restricted during certain blackout periods . These blackout periods are imposed from time to time by the Corporation in circumstances where material non-public information exists, including periods where financial statements are being prepared but results have not yet been publicly disclosed. Amendments to the TSX Rules now contemplate that equity incentive plans may provide for the expiration of the terms of options held by insiders and other plan participants to be extended to a date shortly after the expiry date of an option, if such expiry occurs during, or shortly following, a blackout period under an issuer s insider trading or similar policy.

In light of these amendments and so that optionees whose Options expire during or within ten days following an expiry of blackout periods are treated equally with other optionees under the Plan, the Corporation proposes amending the provisions of the Existing Plan that deal with the terms of Options to provide for the expiration of the terms of Options held by Insiders and other plan participants to be the later of the original expiry date and a date that is ten business days following the end of such blackout period. This provision would apply to all outstanding options held by insiders and other participants under the Existing Plan and under the Amended Plan.

The proposed amendment to the terms of Options provision appears in Subsection 1.2(d) and Subsection 2.5 of the Amended Plan which is attached as Schedule C to this Circular.

***Other Amendment*s**

Under the terms of the Incentive Plan, the Board, on the recommendation of the Compensation and Benefits Committee, authorizes grants of options to eligible participants under the Incentive Plan. The Corporation proposes a technical amendment to the provisions in respect of the grant of options to clarify that the date of grant of options will be the date that the Compensation and Benefits Committee approves such grant for recommendation to the Board, provided the Board approves such grant, or for a grant of options not approved by the Compensation and Benefits Committee for recommendation to the Board, the date such grant was approved by the Board.

Also included as technical amendments to the Existing Plan to comply with applicable TSX policies are amendments to the definitions of Insider and Affiliate in Section 1.2 of the Incentive Plan, to Section 2.6 (Share Appreciation Right) of the Incentive Plan, as well as to Section 5.1 (a) and (b).

The proposed amendment to the grant of options provisions appears in Subsection 2.4 of the Amended Plan which is attached as Schedule C to this Circular.

CONFIRMATION OF REVISIONS TO THE BY-LAWS

On March 9, 2007, the Board enacted revisions to Section 7.1 of the By-Laws, which revisions will cease to be effective unless they are confirmed by resolution passed by a simple majority of the votes cast by shareholders at the Meeting.

The revisions to Section 7.1 of the By-Laws allow for shares to be issued electronically, without a certificate, as will be required for shares listed on a U.S. stock exchange beginning in 2008.

A copy of the revised By-Laws is available on request to the Corporate Secretary, 654 999 Canada Place, Vancouver, British Columbia V6C 3E1, telephone (604) 688-5755, and is available on the Corporation s website at www.ivanhoe-mines.com.

The proposed resolution being put forward for consideration by shareholders is as follows:

RESOLVED as an ordinary resolution, that revisions to Section 7.1 of the By-Laws of the Corporation, being revisions to allow for shares to be issued electronically, without a certificate, that were enacted by the Board on March 9, 2007, are hereby confirmed without amendment.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below or elsewhere in this Management Proxy Circular, no insider, director nominee or associate or affiliate of any such insider or director nominee, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation s last financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation.

At the end of 2006 and 2005 subsidiaries of the Corporation holding the Savage River iron ore project owed approximately U.S.$5.1 million to Mr. Robert Friedland, Chairman of the Corporation, which indebtedness originated as a result of the December 2000 acquisition by the Corporation of the Savage River project. Following the sale of the Savage River operations in February 2005, repayment of this balance is contingent upon the Corporation receiving proceeds in excess of approximately U.S.$111 million from the sale of the Savage River operations. To date, U.S.$49.7 million has been received from the sale with an additional U.S.$21 million expected to be received on Match 31, 2007.

The Corporation is a party to cost sharing agreements with other companies in which Mr. Friedland has a material direct or indirect beneficial interest. Through these agreements, the Corporation shares, on a cost-recovery basis, office space, furnishings, equipment and communications facilities in Vancouver, Singapore, Beijing and London, and an aircraft. The Corporation also shares the costs of employing administrative and non-executive management personnel in these offices. During the year ended December 31, 2006, the Corporation s share of these costs was U.S.$11.7 million. The companies with which the Corporation is a party to the cost sharing agreements, and Mr. Friedland s ownership interest in each of them, are as follows:

Corporation Name	Robert Friedland Ownership Interest
Ivanhoe Energy Inc.	20.24%
Ivanhoe Capital Corporation	100%
Ivanhoe Nickel & Platinum Ltd.	50%
Jinshan Gold Mines Inc.	(1)
Asia Gold Corp.	(1)

(1) Mr. Friedland owns 27.03% of the Common Shares of the Corporation, which owns 46.26 % of the common shares of Jinshan Gold Mines Inc. and 44.5% of the common shares of Asia Gold Corp. as at December 31, 2006.

EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided as at December 31, 2006, in respect of the Chief Executive Officer, Chief Financial Officer and each of the Corporation s three executive officers whose annual compensation exceeded Cdn.$150,000 in the year ended December 31, 2006 (collectively, the Named Executive Officers). During the year ended December 31, 2006, the aggregate compensation paid to all officers of the Corporation who received more than Cdn.$40,000 in aggregate compensation during such period was U.S.$5,800,000 (Cdn.$6,578,360).

Summary Compensation Table

The following table sets forth a summary of all compensation paid during the years ending December 31, 2004, 2005 and 2006 to each of the Named Executive Officers (NEO).

			Long-Term Compensation		Awards		Payouts	
NEO Name and Principal Position	**Year**	**Salary (U.S.$)**	**Bonus (U.S.$)**	**Other Annual Compensation (U.S.$) (1)**	**Securities Under Options/ SARs Granted**	**Shares or Units Subject to Resale Restrictions**	**LTIP Payouts**	**All Other Compensation (U.S.$)**
John Macken[4]	2006	578,875	500,000		2,000,000			24,473(3)
(CEO & President)	2005	457,400						8,200(2)
	2004	370,022			1,000,000			8,200(2)
Tony Giardini[5]	2006	156,092	25,000		250,000			2,980(3)
(CFO)	2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert Friedland[6]	2006		1,000,000(7)		2,000,000			
(Chairman and	2005							
former CEO)	2004							549(2)
Peter Meredith[8]	2006	262,592	1,000,000		400,000			13,481(3)
(Deputy Chairman	2005	216,402						11,315(3)
& former CFO)	2004	243,053			250,000			10,602(3)
R. Edward Flood	2006	275,000	150,000		300,000			4,215(2)
(former Deputy	2005	226,000						3,690(2)
Chairman)	2004	179,100						3,690(2)
Steve Garcia[9]	2006	300,000	100,000		250,000			
(Executive VP)	2005	194,318			250,000			
	2004	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Doug Kirwin	2006	209,230		74,635(10)	100,000			9,211(3)
(Executive VP,	2005	180,360		94,918(11)				7,837(3)
Exploration)	2004	180,136		73,119(12)	50,000			7,765(3)

(1)

Perquisites and benefits do not exceed the lesser of Cdn.$50,000 and 10% of the total of the annual salary and bonus for any of the Named Executive Officers except where numbers are disclosed in this column.

(2) Includes life insurance premiums.

(3) Includes life insurance premiums and share purchase plan.

(4) Mr. Macken became the Corporation s Chief Executive Officer on May 12, 2006.

(5) Mr. Giardini commenced employment in May 2006.

(6) Mr. Friedland ceased being Chief Executive Officer of the Corporation on May 12, 2006.

(7) Non-cash bonus paid by the issuance of 107,991 Common

Shares.

(8) Mr. Meredith was the Corporation s Chief Financial Officer from May 20, 2004 to May 12, 2006.

(9) Mr. Garcia commenced employment in May, 2005.

(10) Represents housing allowance of $36,000 and children s school fees of $41,035.

(11) Represents housing allowance of $36,000 and children s school fees of $58,918.

(12) Represents housing allowance of $36,000 and children s school fees of $37,119.

Long Term Incentive Plan

The Corporation does not presently have a long-term incentive plan for its executive officers.

Options/SAR Grants During The Most Recently Completed Financial Year

Other than as described below, there were no options or SAR grants made to the Named Executive Officers during the most recently completed financial year.

Name	Securities Under Options/SARs Granted (#) [1]	Percent of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (Cdn.$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (Cdn.$/Security)	Expiration Date
Robert Friedland	2,000,000(2)	23.4%	$ 9.73	$ 9.73	March 27, 2013
John Macken	2,000,000(2)	23.4%	$ 9.73	$ 9.73	March 27, 2013
Peter Meredith	400,000(2)	4.68%	$ 9.73	$ 9.73	March 27, 2013
Tony Giardini	250,000(2)	2.92%	$ 9.73	$ 9.73	March 27, 2013
R. Edward Flood	300,000(2)	3.0%	$ 9.73	$ 9.73	March 27, 2013
Steve Garcia	250,000(3)	2.92%	$ 9.73	$ 9.73	March 27, 2013
Douglas Kirwin	100,000(4)	1.17%	$ 7.93	$ 7.93	May 23, 2011

(1) The securities issued upon exercise of the options are common shares of the Corporation.

(2) 20% vested on the earlier of December 31, 2006 or achievement of each of four defined development criteria for Oyu Tolgoi currently planned for

2006, 15% to vest on the earlier of December 31, 2007 or achievement of each of four additional defined development criteria for Oyu Tolgoi currently planned for 2007, 15% to vest on the earlier of December 31, 2008 or achievement of one of two additional defined development criteria currently planned for Oyu Tolgoi for 2008 and the remaining 25% to vest on the earlier of December 31, 2009 and achievement of each of two additional defined development criteria planned for Oyu Tolgoi for 2009.

(3) 10,000 vested with the partial release of the Oyu Tolgoi project, 20,000 to vest upon the completion of a definitive estimate, 20,000 to vest when

engineering 90% complete, 20,000 to vest when Shaft #1 complete, 40,000 to vest when overall project 75% complete, 20,000 to vest with first ore, 100,000 to vest with nameplate production, and 20,000 to vest with Hugo North feasibility.

(4) At any time from the date of grant until the first anniversary of the date of grant, 20% of the options may be exercised. At any time during each of the next four years on anniversary of the date of grant an additional 20% of the securities may be vested per year until, in the fifth year of the option, 100% of the options will be exercisable.

Aggregated Option Exercises

Other than as described below, no options or stock appreciation rights were exercised during the year ended December 31, 2006 by the Named Executive Officers.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (Cdn.$)	Unexercised Options at December 31, 2006 (1) (Exercisable/ Unexercisable) (#)	Value of Unexercised in the Money Options at December 31, 2006 (1) (Exercisable/Unexercisable) (Cdn.$)
Robert Friedland	NIL	NIL	900,000/1,100,000	$1,593,000/$1,947,000
John Macken	NIL	NIL	1,000,000/NIL 700,000/300,000 900,000/1,100,000	NIL/NIL $2,640,000/$1,116,000 $1,593,000/$1,947,000
Peter Meredith	NIL	NIL	30,000/20,000 120,000/80,000 180,000/220,000	$114,300/$76,200 $396,000/$264,000 $318,600/$389,400
Tony Giardini	NIL	NIL	112,500/137,500	$199,125/$243,375
R. Edward Flood	123,393(2)	$937,786.80	NIL/NIL	NIL/NIL
Steve Garcia	NIL	NIL	100,000/150,000 10,000/240,000	$309,000/$463,500 $17,700/$424,800
Douglas Kirwin	30,000 20,000	$58,600 $81,400	NIL/10,000 NIL/80,000	NIL/$38,100 NIL/$285,600

(1) The figures representing Exercisable/Unexercisable options do not include options that have vested since December 31, 2006 and the date of this Management Proxy Circular.

(2) Mr. Flood exercised 150,000 stock options by way of the Corporation s Share Appreciation Right and received 123,393 common shares. 26,607 common shares were returned to the Corporation s treasury as payment.

Option and SAR Repricings

No options or stock appreciation rights were re-priced during the year ended December 31, 2006.

Defined Benefit and Pension Plans

The Corporation does not presently provide any defined benefit or pension plan to its directors, executive officers or employees.

Indemnity Insurance

During 2006, the Corporation purchased director and officer liability insurance with a U.S.$100,000,000 limit. The total premiums paid by the Corporation in respect of this insurance coverage for the twelve month term were U.S.$1,550,395.

Employment Contracts

The Corporation has an employment contract with John Macken respecting his employment as President of the Corporation. The term of the agreement commenced on January 1, 2004 and provides for an initial base salary, a housing benefit and the same benefit entitlements available to the Corporation s other executive officers. The Corporation may terminate Mr. Macken s employment for cause, or, on payment of 12 month s base salary, without cause. In the event of a change of control of the Corporation and if the contract is terminated by the Corporation within twelve months thereafter, Mr. Macken would be entitled to receive payment of 12 month s base salary and a vesting of all unexercised stock options which will thereafter remain exercisable for six months. Under the terms of the contract, Mr. Macken was granted an initial incentive stock option effective January 1, 2004 to acquire 1,000,000 common shares which vested over three years and expires on November 1, 2013. Mr. Macken was granted a further option on March 30, 2004 to acquire an additional 1,000,000 common shares, which options vested as to 20% in March, 2004 and, as to the balance, 20% in March, 2005, 30% in March 2006 and 30% in March 2007, subject in each case to earlier vesting upon specified corporate goals identified by the Board of Directors being met. Mr. Macken was also granted a further option on March 27, 2006 which options expire on March 27, 2013 and which vested as to 25% on grant, as to 20% on December 31, 2006, as to 15% on December 31, 2007, as to 15% on December 31, 2008, and as to the balance on December 31, 2009, subject to earlier vesting upon specific corporate goals being met by the Corporation.

Mr. Giardini was employed by the Corporation on May 1, 2006 as Chief Financial Officer. Under his contract, the Corporation may terminate Mr. Giardini for cause and if this were to happen, Mr. Giardini would have no entitlement to claim any compensation with respect to the termination. If Mr. Giardini is terminated without cause, he is entitled to receive twelve months salary and benefits in lieu of notice. Should he wish to resign, Mr. Giardini must give the Corporation not less than eight weeks notice of his resignation. In the event of a change of control and should the contract be terminated by the Corporation, Mr. Giardini will be entitled to received a lump sum payment in an amount equal to twelve months salary.

The Corporation has also had employment contracts with Douglas Kirwin respecting his employment with the Corporation since 1995. His current contract for services as the Corporation s Executive Vice President, Exploration was originally entered into in November 1998 and was renewed in May 2003. Under the contract, the Corporation may terminate Mr. Kirwin s employment for death, disability or cause, or, on payment of one month s salary multiplied by the number of whole years Mr. Kirwin has been employed by the Corporation, without cause. In the event of a change of control of the Corporation which has not been approved by the then existing Board, Mr. Kirwin is entitled to terminate his employment within three months of the date of such change of control and to receive a payment equal to three times his annual salary.

Steve Garcia was appointed Executive Vice President of the Corporation on June 21, 2006. Mr. Garcia, through a consulting company, NES Overseas Ltd. (the Consultant), provides services to the Corporation, including oversight of the development of the Oyu Tolgoi Project, pursuant to a consulting agreement. The Consultant is paid a monthly basic wage of U.S.$25,000 plus accommodation, food and support expenses. The term of the agreement is for one year and in the event of early termination by the Corporation without cause, the Consultant shall be entitled to receive a lump sum payment equal to the salary that would otherwise be payable to him during the contract term. The agreement does not contain any change of control provisions and may be terminated by either party upon one month s written notice.

The Corporation does not have employment contracts with any other of its Named Executive Officers.

Composition of the Compensation and Benefits Committee

During the year ended December 31, 2006, the Compensation and Benefits Committee was comprised of Messrs. David Huberman (Chair), Kjeld Thygesen, Robert Hanson and David Korbin.

Since the beginning of the most recently completed financial year, which ended on December 31, 2006, none of Messrs. Huberman, Thygesen, Hanson or Korbin was indebted to the Corporation or any of its subsidiaries or had any material interest in any transaction or proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. None of the Corporation s executive officers serve as a member of the Compensation and Benefits Committee or Board of Directors of any entity that has an executive officer serving as a member of the Compensation and Benefits Committee or Board of Directors of the Corporation.

Report on Executive Compensation

Compensation and Benefits Committee and Approach to Executive Compensation

The Compensation and Benefits Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to compensation issues and human resources. The members of the Compensation and Benefits Committee are all independent directors. The Compensation and Benefits Committee ensures that the Corporation has an executive management compensation plan that is both competitive and motivational so that it will attract, retain and inspire performance of its executive management of a quality and nature that will enhance the sustainable growth and success of the Corporation.

The Compensation and Benefits Committee reviews and recommends the compensation philosophy and guidelines for the Corporation which include reviewing, for recommendation to the Board, the compensation philosophy and guidelines, both for executive officers and relating to all employees, including annual salary and incentive policies and programs, and material changes to the Corporation s benefit programs. The Compensation Committee bases its recommendations on its compensation principles and on the performance of the individual and the Corporation.

The Compensation and Benefits Committee annually reviews the cash compensation, performance and overall compensation package for each of the Corporation s executive officers. It makes recommendations to the Board concerning the base salary, bonus and equity incentive arrangements for the executive and senior officers.

The basic philosophy underlying the Corporation s executive compensation program is that the interests of the Corporation s executive officers should be aligned as closely as possible with the interests of the Corporation and its shareholders as a whole. The approach to compensation policy reflects the Corporation s desire to provide a strong incentive to management to work as a team to achieve the Corporation s long term and short term goals. At the same time, the Corporation recognizes that, because competition in the mining industry for experienced and highly skilled employees is intense, the levels of compensation we offer must be comparable to those offered by our competitors in order to attract, retain and motivate executive personnel of the highest caliber.

The compensation of the Corporation s executive officers is comprised of three principal components - base salary, performance bonuses in cash or fully paid shares, and long term equity incentives. The Corporation does not maintain a pension plan or other long term compensation plan for its executive and senior officers. Executive and senior officers are eligible to participate in the Share Purchase Plan under the Corporation s Incentive Plan. At present, although the Corporation s executives are encouraged to do so, the Corporation does not formally maintain a share ownership expectation for executive officers.

Compensation for executives is established with reference to the disclosed compensation practices of companies in the Corporation s peer comparison group which is comprised of international industry-leading global mining companies. Annual salaries, performance bonuses and long-term incentives are established with reference to the fiftieth to seventy-fifth percentile compensation level of the Corporation s peer comparison group.

A number of the principles of executive compensation currently in practice by the Compensation and Benefits Committee were developed following (i) the engagement during 2005 of outside consultants who were retained to develop a justifiable compensation strategy for the Corporation s executives that supports business objectives and rewards experience and impact on organizational success; and (ii) an internal review by the Compensation and Benefits Committee during the past year. Consequently, the Compensation and Benefits Committee has determined that a more formalized approach to implementing the foregoing principles is required and expects to make further progress on this, with the assistance of outside consultants during 2007.

Base Salary

In determining the base salary for its executive officers, the Compensation and Benefits Committee places equal weight on the following factors: (i) the executive s overall performance; (ii) the experience level of the executive officer; (iii) the particular responsibilities related to the executive officer s position; and (iv) salaries paid by the Corporation s peer compensation group. Until recently, base salaries generally and bonuses in particular have been at the relatively low end of the scale compared to industry peers with a greater emphasis placed on options. Annual salaries are now targeted at the fiftieth to seventy-fifth percentile compensation level of the Corporation s peer comparison group. To ensure the Corporation continues to attract and retain qualified and experienced executive management, the Compensation and Benefits Committee reviews and adjusts salaries periodically. During 2006, as set out under Executive Compensation Summary Compensation Table above, a number of executives received such salary adjustments during 2006.

Bonus Payments

Executive officers are eligible for annual cash bonuses, after taking into account and giving equal weight to performance of the executive officer relative to individual performance objectives and the Corporation s performance and success in achieving its goals during the year. The performance criteria considered in determining performance bonus awards varies in accordance with the position and responsibilities of the executive being evaluated. The significant considerations in determining performance bonuses for executive officers include corporate development and organizational indicators as well as individual achievements that demonstrate an extraordinary contribution to corporate growth and success.

During 2006, the Compensation and Benefits Committee recognized the performance of individual executives, senior management and key employees in light of the foregoing compensation principles, and, in particular, the significant role played by certain key executives and employees in connection with the successful negotiations leading to Rio Tinto Mining and Exploration Limited s investment in, and strategic partnership with, the Corporation which was announced on October 18, 2006. Executives receiving awards by the Corporation on the recommendation of the Compensation and Benefits Committee in recognition of their extraordinary contributions made to the success of the Rio Tinto transactions, and/or for overall individual and corporate performance included Robert Friedland, the Corporation s Chairman and, until May 2006 the Chief Executive Officer, and Peter Meredith, the Corporation s Deputy Chairman and, until May 2006 the Chief Financial Officer, who each were awarded special bonuses of U.S.$1 million. Mr. Friedland s bonus was paid by the issue of 107,991 Common Shares of the Corporation and Mr. Meredith received his bonus in cash. John Macken, CEO and President received a bonus of U.S.$500,000. At the recommendation of the Compensation and Benefits Committee, the Board also awarded during 2006 an aggregate of U.S.$1,000,000 in further bonuses to employees and executive officers, including cash bonuses to Edward Flood, Deputy Chairman (until February 15, 2007) (U.S.$150,000), Steve Garcia, Executive Vice President (U.S.$100,000) and Tony Giardini, Chief Financial Officer (U.S.$25,000).

Long Term Incentives

Under the Corporation s compensation philosophy, an equity incentive component in the form of options is a key part of the executives overall compensation package, reflecting our belief that stock options offer an effective mechanism for incentivizing management and aligning the interests of our executive officers with those of our shareholders. Since we do not grant incentive stock options at a discount to the prevailing market price of the Corporation s Common Shares, the incentive stock options we grant to our executive officers accrete value only if, and to the extent that, the market price of the Corporation s Common Shares increases, thereby linking equity-based executive compensation to shareholder returns.

Equity based incentives awarded to our executive officers are based on the Compensation and Benefit Committee s evaluation of each executive officer s ability to influence our long-term success and to reward outstanding individual performance and contributions. The Compensation and Benefits Committee takes into account each executive s stock option position, peer comparison group benchmark and individual performance when determining how many new stock option grants will be made to an executive officer. Where appropriate, the Corporation includes performance-based criteria as a key component of stock option grants and during 2006 a number of stock option grants to key employees included vesting schedules that were based on the achievement of key milestones for the Corporation s development on which such key employee had the potential to positively impact.

During 2006, the Corporation granted incentive stock options to employees, officers and directors exercisable to purchase a total of 8,549,000 Common Shares, representing approximately 2.3 per cent of the total number of Common Shares currently issued and outstanding on December 31, 2006. Included in these grants were stock options expiring on March 27, 2013 granted to John Macken in respect of 2,000,000 Common Shares, Robert M. Friedland in respect of 2,000,000 Common Shares, Peter Meredith in respect of 400,000 Common Shares, Edward Flood in respect of 300,000 Common Shares and Douglas Kirwin, Executive Vice-President Exploration, in respect of 100,000 Common Shares. The stock options issued to Messrs. Macken, Friedland, Meredith and Flood each vest as to 25% on grant, 20% on December 31, 2006, 15% on December 31, 2007, 15% on December 31, 2008 and the balance on December 31, 2009, subject to earlier vesting upon specific corporate goals being met by the Corporation. The stock options issued to Mr. Kirwin expire on May 23, 2011 and vest as to 20% on grant and thereafter as to 20% each over the following four years.

Chief Executive Officer Compensation

The Compensation and Benefits Committee periodically review the terms of reference for the Corporation s Chief Executive Officer and recommends any changes to the Board for approval. It reviews corporate goals and objectives with respect to the Chief Executive Officer s compensation and leads the Chief Executive Officer review process. Based on the results of the Chief Executive Officer s evaluation, the committee recommends the Chief Executive Officer s overall compensation package to the Board.

$(11,662,426) -62%

Net Sales

Net sales consist of gross sales less discounts and returns. Net sales decreased by 12% to $10,160,964 for the twelve-month period ended December 28, 2013 as compared to $11,610,494 for the twelve-month period ended December 29, 2012. The core standards, contract services and ingredients segment generated net sales of $9,074,531 for the twelve-month period ended December 28, 2013. This is an increase of 7%, compared to $8,458,082 for the twelve-month period ended December 29, 2012. This increase was largely due to increased sales of our proprietary ingredients and other bulk dietary supplement grade raw materials. The scientific and regulatory consulting segment generated net sales of $1,146,718 for the twelve-month period ended December 28, 2013. For the twelve-month period ended December 29, 2012, the scientific and regulatory consulting segment generated net sales of $69,718, which represents only about one month of operations since our acquisition of this business on December 3, 2012. The retail dietary supplement products segment generated negative net sales of $60,285 for the twelve-month period ended

December 28, 2013. The gross sales for this segment were $557,111, however, sales deductions for discounts and returns, including additional trade accounts receivable allowance for possible future returns, totaled $617,396 and this has resulted in negative net sales. For the twelve-month period ended December 29, 2012, the retail dietary supplement products segment generated net sales of $3,082,694. The gross sales for this segment was $6,861,035, however, sales deductions for promotions discounts and returns totaled $3,778,341.

Table of Contents

Cost of Sales

Costs of sales include raw materials, labor, overhead, and delivery costs. Cost of sales for the twelve-month period ended December 28, 2013 was $7,027,828 as compared with $9,335,057 for the twelve-month period ended December 29, 2012. As a percentage of net sales, this represented an 11% decrease for the twelve-month period ended December 28, 2013 compared to the twelve-month period ended December 29, 2012. The cost of sales as a percentage of net sales for the core standards contract services and ingredients segment for the twelve-month period ended December 28, 2013 was 70% compared to 72% for the twelve-month period ended December 29, 2012. This percentage decrease in cost of sales is largely due to increased sales of chemical and analytical testing and contract services. Fixed labor costs make up the majority of costs for analytical testing and contract services and these fixed labor costs did not increase in proportion to sales. The cost of sales as a percentage of net sales for the scientific and regulatory consulting segment for the twelve-month period ended December 28, 2013 was 55% compared to 37% for the twelve-month period ended December 29, 2012, which represents only about one month of operations since our acquisition of this business on December 3, 2012. The cost of sales for the retail dietary supplement products segment was greater than net sales for twelve-month periods ended December 28, 2013 and December 29, 2012. This is due to promotions, discounted sales and returns, which resulted in substantially lower net sales compared to gross sales. The cost of sales for the retail dietary supplement products segment for the twelve-month periods ended December 28, 2013 and December 29, 2012 were $955 and $3,234,278, respectively, while the net sales were negative $60,285 and $3,082,694, respectively.

Gross Profit (Loss)

Gross profit (loss) is net sales less the cost of sales and is affected by a number of factors including product mix, competitive pricing and costs of products and services. Our gross profit increased 38% to $3,133,136 for the twelve-month period ended December 28, 2013 from $2,275,437 for the twelve-month period ended December 29, 2012. For the core standards, contract services and ingredients segment, our gross profit increased 12% to $2,679,695 for the twelve-month period ended December 28, 2013 from $2,383,032 for the twelve-month period ended December 29, 2012. The increased sale of analytical testing and contract services which resulted in a higher labor utilization rate as well as increased fixed cost coverage, was the key reason for the increase in gross profit. For the scientific and regulatory consulting segment, we had a gross profit of $514,681 for the twelve-month period ended December 28, 2013. For the twelve-month period ended December 29, 2012, the gross profit for this segment was $43,989, which represents only about one month of operations since our acquisition of this business on December 3, 2012. For the retail dietary supplement products segment, we had a gross loss of $61,240 for the twelve-month period ended December 28, 2013 and a gross loss of $151,584 for the twelve-month period ended December 29, 2012. The gross loss for the twelve-month period ended December 29, 2012 was due to the sales promotions and sales discounts we offered in relation to the launch of BluScience products.

Operating Expenses - Sales and Marketing

Sales and Marketing Expenses consist of salaries, advertising and marketing expenses. Sales and marketing expenses for the twelve-month period ended December 28, 2013 were $2,357,605 as compared to $5,520,141 for the twelve-month period ended December 29, 2012. For the core standards, contract services and ingredients segment, sales and marketing expenses for the twelve-month period ended December 28, 2013, slightly decreased to $2,211,741 compared to $2,227,934 for the twelve-month period ended December 29, 2012. For the scientific and regulatory consulting segment, sales and marketing expenses for the twelve-month period ended December 28, 2013 were $14,705. The scientific and regulatory consulting segment did not have any sales and marketing expenses for the comparable period in 2012. For the retail dietary supplement products segment, sales and marketing expenses for the twelve-month period ended December 28, 2013 decreased to $131,159 compared to $3,292,207 for the twelve-month period ended December 29, 2012. During the twelve-month period ended December 29, 2012, we conducted a national advertising campaign through television and radio media in support of the launch of the BluScience products. We did not conduct such an advertising campaign during the twelve-month period ended December 28, 2013.

Table of Contents

Operating Expenses - General and Administrative

General and Administrative Expenses consist of research and development, general company administration, IT, accounting and executive management. General and administrative expenses for the twelve-month period ended December 28, 2013 decreased to $5,117,016 as compared to $8,391,730 for the twelve-month period ended December 29, 2012. One of the factors that contributed to this decrease was a decrease in share-based compensation expense. Our share-based compensation expense for the twelve-month period ended December 28, 2013 was $1,287,917 as compared to $2,703,253 for the twelve-month period ended December 29, 2012. Another factor that contributed to the decrease in general and administrative expenses was a decrease in investor relations expense. Our investor relations expenses for the twelve-month period ended December 28, 2013 was $234,419 as compared to $987,399 for the twelve-month period ended December 29, 2012. Another factor that contributed to this decrease was departures of certain officers who were with the Company during the twelve-month period ended December 29, 2012. The Company did not hire new officers to fill the vacated positions. There were also one-time severance expenses of approximately $671,000 incurred due to the terminations of certain officers during the twelve-month period ended December 29, 2012. The Company did not incur such expenses in the twelve-month period ended December 28, 2013.

Nonoperating - Interest Income

Interest income consists of interest earned on money market accounts. Interest income for the twelve-month period ended December 28, 2013, was $1,251 as compared to $3,014 for the twelve-month period ended December 29, 2012.

Nonoperating - Interest Expense

Interest expense consists of interest on capital leases. Interest expense for the twelve-month period ended December 28, 2013, was $34,330 as compared to $29,006 for the twelve-month period ended December 29, 2012.

Depreciation and Amortization

For the twelve-month period ended December 28, 2013, we recorded approximately $246,175 in depreciation compared to approximately $328,099 for the twelve-month period ended December 29, 2012. We depreciate our assets on a straight-line basis, based on the estimated useful lives of the respective assets. We amortize intangible assets using a straight-line method over 10 years. In the twelve-month period ended December 28, 2013, we recorded amortization on intangible assets of approximately $23,532 compared to approximately $15,934 for the twelve-month period ended December 29, 2012.

Income Taxes

At December 28, 2013 and December 29, 2012, the Company maintained a full valuation allowance against the entire deferred income tax balance which resulted in an effective tax rate of zero for 2013 and 2012.

Liquidity and Capital Resources

From inception and through December 28, 2013, we have incurred aggregate losses of approximately $34 million. These losses are primarily due to expenses associated with the development and expansion of our operations. These operations have been financed through capital contributions and the issuance of common stock and warrants through private placements and through our registered direct offering.

Table of Contents

Our Board of Directors periodically reviews our capital requirements in light of our proposed business plan. Our future capital requirements will remain dependent upon a variety of factors, including cash flow from operations, the ability to increase sales, increasing our gross profits from current levels, reducing sales and administrative expenses as a percentage of net sales, continued development of customer relationships, and our ability to market our new products successfully. However, based on our results from operations, we may determine that we need additional financing to implement our business plan. There can be no assurance that any such financing will be available on terms favorable to us or at all. Without adequate financing we may have to further delay or terminate product or service expansion plans. Any inability to raise additional financing would have a material adverse effect on us.

During the twelve-month period ended December 28, 2013, the Company sold an aggregate of 3,529,411 shares of the Company's common stock at a price per share of $0.85 to certain strategic accredited investors for gross proceeds of $3,000,000 or $2,980,000 after deducting offering costs.

Subsequent to the year ended December 28, 2013, the Company assigned the Senior Note issued by NeutriSci to an unrelated third party for $1,250,000. $2,275,000 remained outstanding on the Senior Note at the date of the assignment. The Company also paid legal fees of $7,500 out of the proceeds of the purchase price. The Company also agreed to transfer to the third party an amount of shares of preferred stock of NeutriSci equal to $500,000 upon the earlier of (a) December 31, 2014; or (b) the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange. There is no recourse provision to the Company associated with the assignment of the note. In connection with the assignment of the note, the Company paid Palladium Capital Advisors, LLC ("Palladium") as a placement agent a cash fee of $150,000 and agreed to transfer to Palladium an amount of shares of preferred stock of NeutriSci equal to $50,000 upon the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange.

While we anticipate that our current levels of capital, along with curtailment of certain expenses, will be sufficient to meet our projected operating plans through the end of March, 2015, we may seek additional capital prior to March, 2015, both to meet our projected operating plans through and after March, 2015 and to fund our longer term strategic objectives. To the extent we are unable to raise additional cash or generate sufficient revenue to meet our projected operating plans prior to March, 2015, we will revise our projected operating plans accordingly.

Net cash used in operating activities

Net cash used in operating activities for the twelve-month period ended December 28, 2013 was approximately $3,906,000 as compared to approximately $10,120,000 for the twelve-month period ended December 29, 2012. Along with the net loss, a decrease in accounts payable and an increase in inventories were the largest uses of cash during the twelve-month period ended December 28, 2013. Net cash used in operating activities for the twelve-month period ended December 29, 2012 largely reflects increase in inventories and trade receivables, along with the net loss.

We expect our operating cash flows to fluctuate significantly in future periods as a result of fluctuations in our operating results, shipment timetables, accounts receivable collections, inventory management, and the timing of our payments, among other factors.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was approximately $999,000 for the twelve-month period ended December 28, 2013, compared to approximately $77,000 used in for the twelve-month period ended December 29, 2012. Net cash provided by investing activities for the twelve-month period ended December 28, 2013 mainly consisted of proceeds from the sale of the BluScience consumer product line. Net cash used in investing activities for the twelve-month period ended December 29, 2012 mainly consisted of purchases of leasehold improvements and equipment as well as purchases of intangible assets.

Table of Contents

Net cash provided by financing activities

Net cash provided by financing activities was approximately $4,649,000 for the twelve-month period ended December 28, 2013, compared to approximately $10,296,000 for the twelve-month period ended December 29, 2012. Net cash provided by financing activities for the twelve-month period ended December 28, 2013 consisted of proceeds from issuance of our common stock through a private offering as well as from the exercise of warrants. Net cash provided by financing activities for the twelve-month period ended December 29, 2012 mainly consisted of proceeds from issuance of our common stock through registered direct offering and private placement.

Dividend Policy

We have not declared or paid any cash dividends on our common stock. We presently intend to retain earnings for use in our operations and to finance our business. Any change in our dividend policy is within the discretion of our board of directors and will depend, among other things, on our earnings, debt service and capital requirements, restrictions in financing agreements, if any, business conditions, legal restrictions and other factors that our board of directors deems relevant.

Trade Receivables

As of December 28, 2013, we had $838,793 in trade receivables as compared to $1,940,539 as of December 29, 2012. This decrease was largely due to our sale of the BluScience product line in 2013, as we no longer generate any sales related to the BluScience product line.

Other Receivable

As of December 28, 2013, we had $215,000 in other receivable. This amount was from a legal settlement agreement related to a lawsuit over the violation of the Company's trademarks. The counterparty had already remitted the payment to a third party escrow agent prior to December 28, 2013 and this payment was deposited by the Company on January 14, 2014. As of December 29, 2012, the Company did not have any other receivable.

Inventories

As of December 28, 2013, we had $2,204,125 in inventory, compared to $5,205,304 as of December 29, 2012. This decrease was mainly due to the sale of the BluScience product line and its assets in 2013. As of December 28, 2013, our inventory consisted of approximately $1,518,000 of phytochemical reference standards and approximately $686,000 of bulk ingredients. Phytochemical reference standards are small quantities of plan-based compounds typically used to research an array of potential attributes or for quality control purposes. The Company has approximately 4,500 defined standards and holds a lot of these standards as inventory in small quantities, mostly in grams and milligrams. Bulk ingredients are proprietary compounds sold to customers in larger quantities, typically in kilograms. These ingredients are used by our customers in the dietary supplement, food and beverage, animal health, cosmetic and pharmaceutical industries to manufacture their final products.

The Company regularly reviews inventories on hand and records a provision for slow-moving and obsolete inventory, inventory not meeting quality standards and inventory subject to expiration. The provision for slow-moving and obsolete inventory is based on current estimates of future product demand, market conditions and related management judgment. Any significant unanticipated changes in future product demand or market conditions that vary from current expectations could have an impact on the value of inventories.

Table of Contents

Accounts Payable

As of December 28, 2013, we had $1,440,910 in accounts payable compared to $3,428,233 as of December 29, 2012. This decrease was primarily due to the timing of payments related to our purchases of inventory and services.

Advances from Customers

As of December 28, 2013, we had $546,044 in advances from customers compared to $310,267 as of December 29, 2012. These advances are for large-scale contract services and contract research projects where we require a deposit before beginning work. This increase was due to an increase in the number of large-scale research projects during the last six months of 2013.

Off-Balance Sheet Arrangements

During the fiscal years ended December 28, 2013 and December 29, 2012, we had no off-balance sheet arrangements other than ordinary operating leases as disclosed in the accompanying financial statements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. On an ongoing basis, we evaluate these estimates, including those related to the valuation of share-based payments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2 of the Financial Statements, set forth in Item 8, the following accounting policies involve the greatest degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue recognition: The Company recognizes sales and the related cost of sales at the time the merchandise is shipped to customers or service is performed, when each of the following conditions have been met: an arrangement exists, delivery has occurred, there is a fixed price, and collectability is reasonably assured. Discounts, returns and allowances related to sales, including an estimated reserve for returns and allowances, are recorded as reduction of revenue.

Shipping and handling fees billed to customers and the cost of shipping and handling fees billed to customers are included in Net sales. Shipping and handling fees not billed to customers are recognized as cost of sales.

Taxes collected from customers and remitted to governmental authorities are excluded from revenue, which is presented on a net basis in the statement of operations.

Long-term investment in affiliate: The Company accounts for its investment in affiliate under the equity method. The Company records equity method adjustments in gains (losses) on equity method investments, net, and may do so with up to a three-month lag, pending on the timely availability of financial information of the investee. Equity method adjustments include: our proportionate share of investee income or loss, gains or losses resulting from investee capital transactions, and other adjustments required by the equity method. The long-term investment in affiliate is subject to a periodic impairment review and is considered to be impaired when a decline in carrying value is judged to be other-than-temporary. Evidence of a loss in value might include (i) absence of an ability recover the carrying amount of the investment or (ii) inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

Table of Contents

Share-based compensation: The Company has an Equity Incentive Plan under which the Board of Directors may grant restricted stock or stock options to employees and non-employees. For employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award, and is recognized over the period the employee is required to provide services for the award. For non-employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock and is remeasured over the vesting term as earned. The expense is recognized over the period the non-employee is required to provide services for the award.

The Company recognizes compensation expense over the requisite service period using the straight-line method for option grants without performance conditions. For stock options that have both service and performance conditions, the Company recognizes compensation expense using the graded attribution method. Compensation expense for stock options with performance conditions is recognized only for those awards expected to vest.

From time to time, the Company awards shares of its common stock to non-employees for services provided or to be provided. If the fair value of services received is more reliably measurable than the fair value of the stock awarded, the fair value of the services received is used to measure the award. In contrast, if the fair value of the stock issued is more reliably measurable, than the fair value of services received, the award is measured based on the fair value of the stock awarded. Since these stock awards are fully vested and non-forfeitable, upon issuance the measurement date for the award is usually reached on the date of the award. The measured fair value of the award is amortized over the period the service is provided.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Table of Contents

Item 8. Financial Statements and Supplementary Data

The financial statements are set forth in the pages listed below.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
ChromaDex Corporation

We have audited the accompanying consolidated balance sheet of ChromaDex Corporation and Subsidiaries (the "Company") as of December 28, 2013, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ChromaDex Corporation and Subsidiaries, as of December 28, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Marcum LLP

New York, New York
March 27, 2014

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
ChromaDex Corporation

We have audited the accompanying consolidated balance sheet of ChromaDex Corporation as of December 29, 2012, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ChromaDex Corporation as of December 29, 2012, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey LLP

Schaumburg, IL
March 29, 2013

Table of Contents

ChromaDex Corporation and Subsidiaries

Consolidated Balance Sheets
December 28, 2013 and December 29, 2012

	2013	2012
Assets		
Current Assets		
Cash	$2,261,336	$520,000
Trade receivables, less allowance for doubtful accounts and returns 2013 $9,000; 2012 $450,000	838,793	1,940,539
Other receivable	215,000	-
Inventories	2,204,125	5,205,304
Prepaid expenses and other assets	271,445	261,297
Total current assets	5,790,699	7,927,140
Leasehold Improvements and Equipment, net	1,063,239	936,426
Other Noncurrent Assets		
Deposits	43,460	34,773
Long-term investment in affiliate	1,887,844	-
Intangible assets, net	201,650	136,182
Total other noncurrent assets	2,132,954	170,955
Total assets	$8,986,892	$9,034,521
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$1,440,910	$3,428,233
Accrued expenses	656,707	876,158
Current maturities of capital lease obligations	138,887	77,259
Customer deposits and other	546,044	310,267
Deferred rent, current	55,586	71,042
Total current liabilities	2,838,134	4,762,959
Capital lease obligations, less current maturities	280,342	148,374
Deferred rent, less current	202,965	129,859
Total liabilities	3,321,441	5,041,192
Commitments and contingencies		
Stockholders' Equity		
Common stock, $.001 par value; authorized 150,000,000 shares; issued and outstanding 2013 104,524,738 and 2012 92,140,062 shares	104,525	92,140
Additional paid-in capital	39,697,063	33,617,801
Accumulated deficit	(34,136,137)	(29,716,612)

Total stockholders' equity	5,665,451	3,993,329
Total liabilities and stockholders' equity	$ 8,986,892	$ 9,034,521

See Notes to Consolidated Financial Statements.

Table of Contents

ChromaDex Corporation and Subsidiaries

Consolidated Statements of Operations
Years Ended December 28, 2013 and December 29, 2012

	2013	2012
Sales, net	$10,160,964	$11,610,494
Cost of sales	7,027,828	9,335,057
Gross profit	3,133,136	2,275,437
Operating expenses:		
Sales and marketing	2,357,605	5,520,141
General and administrative	5,117,016	8,391,730
Loss from investment in affiliate	44,961	-
Operating expenses	7,519,582	13,911,871
Operating loss	(4,386,446)	(11,636,434)
Nonoperating income (expense):		
Interest income	1,251	3,014
Interest expense	(34,330)	(29,006)
Nonoperating expenses	(33,079)	(25,992)
Net loss	$(4,419,525)	$(11,662,426)
Basic and Diluted loss per common share	$(0.04)	$(0.13)
Basic and Diluted weighted average common shares outstanding	99,987,443	90,268,802

See Notes to Consolidated Financial Statements.

F-4

Table of Contents

ChromaDex Corporation and Subsidiaries
Consolidated Statement of Stockholders' Equity
Years Ended December 28, 2013 and December 29, 2012

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2011	72,939,996	$72,940	$20,542,532	$(18,054,186)	$2,561,286
Issuance of common stock, net of offering costs of $1,104,759	14,899,995	14,900	10,055,338		10,070,238
Issuance of common stock for vested restricted stock	1,140,000	1,140	158,460	-	159,600
Repurchase and cancellation of common stock	(10,000)	(10)	(8,190)	-	(8,200)
Exercise of stock options	6,117	6	3,053	-	3,059
Exercise of warrants	754,103	754	156,746	-	157,500
Share-based compensation	2,409,851	2,410	2,709,862	-	2,712,272
Net loss	-	-	-	(11,662,426)	(11,662,426)
Balance, December 29, 2012	92,140,062	92,140	33,617,801	(29,716,612)	3,993,329
Issuance of common stock, net of offering costs of $20,000	3,529,411	3,529	2,976,471	-	2,980,000
Exercise of stock options	276,038	276	138,093	-	138,369
Exercise of warrants	7,979,227	7,979	1,630,769	-	1,638,748
Share-based compensation	600,000	600	1,333,930	-	1,334,530
Net loss	-	-	-	(4,419,525)	(4,419,525)
Balance, December 28, 2013	104,524,738	$104,525	$39,697,063	$(34,136,137)	$5,665,451

See Notes to Consolidated Financial Statements.

F-5

Table of Contents

ChromaDex Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 28, 2013 and December 29, 2012

	2013	2012
Cash Flows From Operating Activities		
Net loss	$(4,419,525)	$(11,662,426)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of leasehold improvements and equipment	246,175	328,099
Amortization of intangibles	23,532	15,934
Share-based compensation expense	1,287,917	2,703,253
Loss from disposal of equipment	66,378	1,937
Loss from investment in affiliate	44,961	-
Changes in operating assets and liabilities:		
Trade receivables	1,118,730	(1,216,873)
Other receivable	(215,000)	-
Inventories	(466,352)	(2,299,704)
Prepaid expenses and other assets	(62,913)	675,602
Accounts payable	(1,618,450)	1,177,992
Accrued expenses	(204,891)	105,631
Customer deposits and other	235,777	110,574
Deferred rent	57,650	(59,732)
Net cash used in operating activities	(3,906,011)	(10,119,713)
Cash Flows From Investing Activities		
Purchases of leasehold improvements and equipment	(137,349)	(24,555)
Purchase of intangible assets	(89,000)	(52,010)
Proceeds from sales of assets	1,000,000	-
Proceeds from investment in affiliate	225,000	-
Net cash provided by (used in) investing activities	998,651	(76,565)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock, net of issuance costs	2,980,000	10,229,838
Proceeds from exercise of stock options	138,369	3,059
Proceeds from exercise of warrants	1,638,748	157,500
Repurchase of common stock	-	(8,200)
Principal payments on capital leases	(108,421)	(86,071)
Net cash provided by financing activities	4,648,696	10,296,126
Net increase in cash	1,741,336	99,848
Cash Beginning of Year	520,000	420,152
Cash Ending of Year	$2,261,336	$520,000
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	$34,330	$29,006

Supplemental Schedule of Noncash Investing Activity		
Capital lease obligation incurred for the purchase of equipment	$302,017	$69,619
Supplemental Schedule of Noncash Share-based Compensation		
Stock awards earned but not issued	$-	$14,560
Stock awards issued for services rendered in prior period	$14,560	$-
Changes in stock and warrant awards issued for future services	$32,053	$23,579
Warrants issued, net of offering costs	$-	$44,610
Supplemental Schedule of Noncash Activities Related to		
Sale of BluScience Consumer Product Line		
Assets transferred	$3,526,677	$-
Liabilities transferred	$368,873	$-
Carrying value of long-term investment in affiliate, net of $1,000,000 cash proceeds	$2,157,804	$-

See Notes to Consolidated Financial Statements.

Table of Contents

Note 1. Nature of Business and Liquidity

Nature of business: ChromaDex Corporation and its wholly owned subsidiaries, ChromaDex, Inc., Chromadex Analytics, Inc. and Spherix Consulting, Inc. (collectively, the "Company") are a natural products company that discovers, acquires, develops and commercializes proprietary-based ingredient technologies through its business model that utilizes its wholly owned business units, including ingredient technologies, catalog of natural product fine chemicals, chemistry and analytical testing services, and product regulatory and safety consulting services. The Company provides science-based solutions to the nutritional supplement, food and beverage, animal health, cosmetic and pharmaceutical industries. The Company acquired Spherix Consulting, Inc. on December 3, 2012, which provides scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks. In 2011, the Company launched its BluScience retail consumer line based on its proprietary ingredients. However, on March 28, 2013, the Company entered into an asset purchase and sale agreement with NeutriSci International Inc. and consummated the sale of BluScience consumer product line to NeutriSci.

Liquidity: The Company has incurred a loss from operations of $4,386,446 and a net loss of $4,419,525 for the year ended December 28, 2013, and a net loss of $11,662,426 for the year ended December 29, 2012. As of December 28, 2013, the cash and cash equivalents totaled approximately $2,261,336.

Subsequent to the period ended December 28, 2013, the Company assigned a senior convertible secured note issued by NeutriSci to an unrelated party. At the date of assignment, $2,275,000 remained outstanding on the senior secured convertible note. The transaction amount was for $1,250,000 and the Company received net proceeds of $1,092,500 after deducting transaction costs. The Company also agreed to transfer a number of shares of preferred stock of NeutriSci having a value of $550,000 at a later date. For more information regarding this assignment transaction is set forth in Note 4 Sale of Product Line and Investment in Affiliate.

By curtailing certain expenditures, management believes it will be able to support operations of the Company with its current cash, cash equivalents and cash from operations through March, 2015. However, if the Company determines that it shall require additional financing to further enable it to achieve its long-term strategic objectives, there can be no assurance that such financing will be available on terms favorable to it or at all. If adequate financing is not available, the Company will further delay, postpone or terminate product and service expansion and curtail certain selling, general and administrative operations. The inability to raise additional financing may have a material adverse effect on the future performance of the Company.

Note 2. Significant Accounting Policies

Significant accounting policies are as follows:

Basis of presentation: The financial statements and accompanying notes have been prepared on a consolidated basis and reflect the consolidated financial position of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated from these financial statements. The Company's fiscal year ends on the Saturday closest to December 31. The fiscal years ended December 28, 2013 (referred to as 2013), and December 29, 2012 (referred to as 2012), each consisted of 52 weeks. Every fifth or sixth fiscal year, the inclusion of an extra week occurs due to the Company's floating year-end date. The fiscal year 2014 will include 53 weeks instead of the normal 52 weeks.

Accounting estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F-7

Table of Contents

Revenue recognition: The Company recognizes sales and the related cost of sales at the time the merchandise is shipped to customers or service is performed, when each of the following conditions have been met: an arrangement exists, delivery has occurred, there is a fixed price, and collectability is reasonably assured. Discounts, returns and allowances related to sales, including an estimated reserve for the returns and allowances, are recorded as reduction of revenue.

Shipping and handling fees billed to customers and the cost of shipping and handling fees billed to customers are included in net sales. For the year ending in December 28, 2013, shipping and handling fees billed to customers were approximately $110,000 and the cost of shipping and handling fees billed to customers was approximately $128,400. For the year ending in December 29, 2012, shipping and handling fees billed to customers were approximately $109,000 and the cost of shipping and handling fees billed to customers was approximately $123,000. Shipping and handling fees not billed to customers are recognized as cost of sales.

Taxes collected from customers and remitted to governmental authorities are excluded from revenue, which is presented on a net basis in the statement of operations.

Cash concentration: The Company maintains substantially all of its cash in one bank account.

Trade accounts receivable: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on monthly and quarterly reviews of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. $433,000 of the allowance amount for the period ended December 29, 2012 represents a hold on the receivables placed by a retailer that carried our BluScience retail consumer product line. The hold was placed by the retailer as an offset in the event of future returns of the Company’s products and the hold was treated as a reduction of revenue. On March 28, 2013, the Company sold the BluScience retail consumer line to NeutriSci and the related trade accounts receivable including the allowance have been transferred to NeutriSci. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

Other receivables: Other receivables are amounts due for payment to the Company other than the Company’s normal customer invoices for merchandise shipped or services performed. The other receivable amount was from a legal settlement agreement, which the settlement was reached at arbitration form a lawsuit for the violation of the Company’s trademarks. The counterparty had already remitted the payment to a third party escrow agent prior to December 28, 2013. This payment was deposited by the Company on January 14, 2014. The other receivable amount was recorded as a gain in general and administrative expenses in the statement of operations for the period ended December 28, 2013.

Inventories: Inventories are comprised of raw materials, work-in-process and finished goods. They are stated at the lower of cost, determined by the first-in, first-out method (FIFO) method, or market. The inventory on the balance sheet is recorded net of valuation allowances. Labor and overhead has been added to inventory that was manufactured or characterized by the Company. The amounts of major classes of inventory for the periods ended December 28, 2013 and December 29, 2012 are as follows:

	2013	2012
Reference standards	$1,769,160	$1,614,755
Bulk ingredients	694,965	432,230
Dietary supplements – raw materials	-	401,809
Dietary supplements – work in process	-	465,253
Dietary supplements – finished goods	-	2,657,257

	2,464,125	5,571,304
Less valuation allowance	260,000	366,000
	$2,204,125	$5,205,304

Table of Contents

The Company regularly reviews inventories on hand and records a provision for slow-moving and obsolete inventory, inventory not meeting quality standards and inventory subject to expiration. The provision for slow-moving and obsolete inventory is based on current estimates of future product demand, market conditions and related management judgment. Any significant unanticipated changes in future product demand or market conditions that vary from current expectations could have an impact on the value of inventories.

Intangible assets: Intangible assets include licensing rights and are accounted for based on the fair value of consideration given or the fair value of the net assets acquired, whichever is more reliable. Intangible assets with finite useful lives are amortized using the straight-line method over a period of 10 years, or, for licensed patent rights, the remaining term of the patents underlying licensing rights (considered to be the remaining useful life of the license).

Leasehold improvements and equipment: Leasehold improvements and equipment are carried at cost and depreciated on the straight-line method over the lesser of the estimated useful life of each asset or lease term. Leasehold improvements and equipment are comprised of leasehold improvements, laboratory equipment, furniture and fixtures, and computer equipment. Depreciation on equipment under capital lease is included with depreciation on owned assets. The costs incurred for a routine maintenance to keep the asset operating at its present condition are expensed. Useful lives of leasehold improvements and equipment for each of the category are as follows:

	Useful Life
Leasehold improvements	Until the end of the lease term
Computer equipment	3 to 5 years
Furniture and fixtures	7 years
Laboratory equipment	10 years

Long-lived assets are reviewed for impairment on a periodic basis and when changes in circumstances indicate the possibility that the carrying amount may not be recoverable. Long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. If the forecast of undiscounted future cash flows is less than the carrying amount of the assets, an impairment charge would be recognized to reduce the carrying value of the assets to fair value. If a possible impairment is identified, the asset group's fair value is measured relying primarily on a discounted cash flow methodology.

Long-term investment in affiliate: The Company accounts for its investment in affiliate under the equity method. The Company records equity method adjustments in gains (losses) on equity method investments, net, and may do so with up to a three-month lag, pending on the timely availability of financial information of the investee. Equity method adjustments include: our proportionate share of investee income or loss, gains or losses resulting from investee capital transactions, and other adjustments required by the equity method. The long-term investment in affiliate is subject to a periodic impairment review and is considered to be impaired when a decline in carrying value is judged to be other-than-temporary. Evidence of a loss in value might include (i) absence of an ability recover the carrying amount of the investment or (ii) inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

Customer deposits and other: Customer deposits and other represent either (i) cash received from customers in advance of product shipment or delivery of services; or (ii) cash received from government as research grants, which the Company has yet to complete the research activities.

The cash received from government as research grants is recognized as a liability until the research is performed. Other than a nominal management fee, which the Company is entitled to earn when the research is performed, the research activities related to the grants are excluded from revenue and are presented on a net basis in the statement of operations.

F-9

Table of Contents

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company files tax returns in all appropriate jurisdictions, which include a federal tax return and various state tax returns. Open tax years for these jurisdictions are 2010 to 2013, which statutes expire in 2014 to 2016, respectively. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in general and administrative expenses in the statements of operations. As of December 28, 2013, the Company has no liability for unrecognized tax benefits.

Research and development costs: Research and development costs consist of direct and indirect costs associated with the development of the Company's technologies. These costs are expensed as incurred. Research and development costs for the periods ended December 28, 2013 and December 29, 2012 were approximately $134,000 and $142,000, respectively.

Advertising: The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense for the periods ended December 28, 2013 and December 29, 2012 were approximately $355,000 and $2,565,000, respectively.

Share-based compensation: The Company has an Equity Incentive Plan under which the Board of Directors may grant restricted stock or stock options to employees and non-employees. For employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award, and is recognized over the period the employee is required to provide services for the award. For non-employees, share-based compensation cost is recorded for all option grants and awards of non-vested stock and is remeasured over the vesting term as earned. The expense is recognized over the period the non-employee is required to provide services for the award.

The Company recognizes compensation expense over the requisite service period using the straight-line method for option grants without performance conditions. For stock options that have both service and performance conditions, the Company recognizes compensation expense using the graded attribution method. Compensation expense for stock options with performance conditions is recognized only for those awards expected to vest.

From time to time, the Company awards shares of its common stock to non-employees for services provided or to be provided. If the fair value of services received is more reliably measurable than the fair value of the stock awarded, the fair value of the services received is used to measure the award. In contrast, if the fair value of the stock issued is more reliably measurable, than the fair value of services received, the award is measured based on the fair value of the stock awarded. Since these stock awards are fully vested and non-forfeitable, upon issuance the measurement date for the award is usually reached on the date of the award. The measured fair value of the award is amortized over the period the service is provided.

Fair Value Measurement: The Company follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Table of Contents

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial instruments: The carrying amounts reported in the balance sheet for accounts receivable and accounts payable approximate their fair values. The carrying amounts reported in the balance sheet for capital lease obligations are present values of the obligations, excluding the interest portion. Capital lease obligations with maturities less than one year are classified as current liabilities.

Note 3. Earnings Per Share

Potentially dilutive common shares consist of the incremental common shares issuable upon the exercise of common stock options for the period ending in December 28, 2013 and common stock options and warrants for the period ending in December 29, 2012. For all periods presented, the basic and diluted shares reported are equal because the common shares equivalents are anti-dilutive. Below is a tabulation of the potentially dilutive securities that were "in the money" for the periods ended December 28, 2013 and December 29, 2012.

	Years Ended	
	2013	2012
Basic weighted average common shares outstanding	99,987,443	90,268,802
Warrants and options in the money, net	605,567	5,720,320
Weighted average common shares outstanding assuming dilution	100,593,010	95,989,122

Total warrants and options that were not "in the money" at December 28, 2013 and December 29, 2012 were 145,000 and 14,914,696, respectively.

Note 4. Sale of Product Line and Investment in Affiliate

On March 28, 2013, the Company entered into an asset sale agreement with NeutriSci and consummated the sale of the BluScience consumer product line to NeutriSci. The Company is using the cost recovery method to account for the sale transaction, which is estimated at approximately $3,157,804. The consideration received consists of the following: (a) a $250,000 cash payment, which NeutriSci paid as a deposit in February 2013; (b) an additional $250,000 cash payment, which was paid at the closing of the sale; (c) an additional cash payment of $500,000 due no later than 60 days after the closing of the sale, which has been fully paid as of December 28, 2013; (d) a $2,500,000 senior convertible secured note (the "Senior Note") (convertible into 625,000 shares of NeutriSci Series I Preferred Stock) payable in quarterly installments of $416,667 beginning August 15, 2013, of which a partial payment of $225,000 was received for the first installment on September 27, 2013 and an amendment to extend the repayment schedule was executed on October 18, 2013; and (e) 669,708 shares of Series I Preferred Shares that are convertible into 2,678,832 Class A common shares of NeutriSci, representing an aggregate of 19% of the NeutriSci shares at a deemed price for each Class A common share of $1.00 per share at March 28, 2013. The transaction documents contain certain equity blockers that preclude the Company's ownership in NeutriSci in excess of 9.99% and 19% without obtaining a waiver from NeutriSci. The Company is contractually entitled to receive revenue through a royalty on 6% of future net sales of BluScience products as well as a supply agreement with NeutriSci for the Company's patented pTeroPure pterostilbene. As of December 28, 2013, the Company did not have any sales to NeutriSci under this supply agreement for pTeroPure pterostilbene.

Table of Contents

The Company has applied the equity method of accounting due to a significant influence that it has obtained from the financial instruments noted above, and the carrying value, which includes the Senior Note, is reflected as long-term investment in affiliate in the Company's consolidated balance sheet as of December 28, 2013. The initial carrying value of this investment recognized as of March 28, 2013 was $2,157,804, which is the Company's unrecovered cost or the difference between the net assets transferred to NeutriSci and the initial monetary consideration received. Management believed that $2,157,804 was the appropriate aggregate carrying value for the investment in affiliate under the cost recovery method, considering the fact that (a) NeutriSci is a start-up company and has historically recorded significant operating losses; (b) lack of operations beyond the acquired BluScience assets and the uncertainty surrounding the repayment of the note based on both ongoing sales of BluScience by NeutriSci as well as NeutriSci's plans to raise additional funds to support the business and repayment of the note; and (c) the Company cannot reasonably estimate the collectability of the note receivable. The 669,708 shares of Series I Preferred Shares and the senior convertible secured note were accounted for as one long-term investment in NeutriSci. Under the cost recovery method, no gain on the sale will be recognized until the Company's cost basis in the net assets transferred has been recovered. Prospective collection of payments under the note will be charged against the carrying value of the long-term investment in affiliate. The below table illustrates how the carrying value was determined.

	At March 28, 2013
Assets transferred	
Trade receivables, less allowance for returns	$(16,984)
Inventories	3,467,530
Prepaid expenses and other assets	76,131
Total assets transferred	3,526,677
Liabilities transferred	
Accounts payable	368,873
Total liabilities transferred	368,873
Total net assets transferred	$3,157,804
Initial monetary consideration received	
Cash	$500,000
Non-trade receivable	500,000
Total initial monetary consideration received	$1,000,000
Carrying Value of Long Term Investment in Affiliate	$2,157,804

The Company has elected to record equity method adjustments in gains (losses) on the investment in NeutriSci, with a three-month lag, as the financial information of NeutriSci was not available in a timely manner. Due to the three-month lag, the loss reported for the Company's period ended December 28, 2013 represents our percentage interest in the results of NeutriSci's operations from April 1, 2013 to September 30, 2013. The Company expects that the effect of the three-month lag will not result in a material difference in the accounting as the Company expects its ownership in NeutriSci to continue to decrease in the future.

F-12

Table of Contents

Sales, gross profit, net loss of NeutriSci for the six months ended September 30, 2013 and the changes in carrying value and the Company ownership percentage through December 28, 2013 are summarized as follows:

	September 30, 2013
Sales	$36,451
Gross profit	13,310
Net loss	$(813,212)

Changes in Carrying Value and Ownership Percentage for ChromaDex Corporation

	Carrying Value	Ownership Percentage
At March 28, 2013	$2,157,804	5.7 %
Company's share of NeutriSci's loss through September 30, 2013	(44,961)	-
Proceeds from investment in affiliate	(225,000)	-
At December 28, 2013	$1,887,844	4.9 %

The Company's December 28, 2013 ownership percentage presented in the above table is derived using NeutriSci's financial information through September 30, 2013.

During the year ended December 28, 2013, the Company fully received the $500,000 cash payment that was reflected as non-trade receivable as of March 28, 2013. Also, during the year ended December 28, 2013, the Company received a partial payment of $225,000 for the first installment of $416,667 that was due under the Senior Note.

Subsequent event – Sale of Senior Secured Convertible Note

Subsequent to the year ended December 28, 2013, the Company assigned the Senior Note to an unrelated third party for $1,250,000. $2,275,000 remained outstanding on the Senior Note at the date of the assignment. The Company also paid legal fee of $7,500 out of the proceeds of the purchase price. The Company also agreed to transfer to the third party a number of shares of preferred stock of NeutriSci having a value of $500,000 upon the earlier of (a) December 31, 2014; or (b) the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange. There is no recourse provision to the Company associated with the assignment of the note. In connection with the assignment of the note, the Company paid Palladium Capital Advisors, LLC as a placement agent a cash fee of $150,000 and agreed to transfer to Palladium a number of shares of preferred stock of NeutriSci having a value of $50,000 upon the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange.

Valuation assessment of Investment

As of December 28, 2013, the Company has determined that there is no other-than-temporary impairment of the carrying amounts of its investment in NeutriSci. The Company will continue to monitor NeutriSci's performance and evaluate if there are any such events or indicators to consider.

Table of Contents

Note 5. Intangible Assets

Intangible assets consisted of the following:

	2013		2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
License agreements and other	$1,075,285	$ 873,635	$986,285	$ 850,103

Amortization expense on amortizable intangible assets included in the consolidated statement of operations for the year ended December 28, 2013 and December 29, 2012 was approximately $24,000 and $16,000, respectively. The unamortized expense is expected to be recognized over a weighted average period of 7.9 years as of December 28, 2013.

Estimated aggregate amortization expense for each of the next five years is as follows:

Years ending December:	
2014	$28,000
2015	28,000
2016	28,000
2017	28,000
2018	23,000
Thereafter	67,000
	$202,000

Note 6. Leasehold Improvements and Equipment

Leasehold improvements and equipment consisted of the following:

	2013	2012
Laboratory equipment	$2,782,364	$2,439,688
Leasehold improvements	491,125	403,971
Computer equipment	372,851	363,739
Furniture and fixtures	18,313	18,313
Office equipment	7,877	7,877
Construction in progress	40,126	106,080
	3,712,656	3,339,668
Less accumulated depreciation	2,649,417	2,403,242
	$1,063,239	$936,426

Depreciation expense on leasehold improvements and equipment included in the consolidated statement of operations for the year ended December 28, 2013 and December 29, 2012 was approximately $246,000 and $328,000, respectively.

Table of Contents

Note 7. Capitalized Lease Obligations

The Company leases equipment under capitalized lease obligations with a total cost of $695,461 and $381,888 and accumulated amortization of $136,358 and $90,960 as of December 28, 2013 and December 29, 2012, respectively.

Minimum future lease payments under capital leases as of December 28, 2013, are as follows:

Year ending December:	
2014	$172,948
2015	112,794
2016	99,902
2017	79,054
2018	30,198
Total minimum lease payments	494,896
Less amount representing interest at a rate of approximately 9.8% per year	75,667
Present value of net minimum lease payments	419,229
Less current portion	138,887
Long-term obligations under capital leases	$280,342

Interest expense related to capital leases was approximately $34,000 and $29,000 for the years ended December 28, 2013 and December 29, 2012, respectively.

Note 8. Income Taxes

A reconciliation of income tax expense (benefit) computed at the statutory federal income tax rate of 34% for 2013 and 2012 compared to the Company's income tax expense for the years ended December 28, 2013 and December 29, 2012 is as follows:

	2013	2012
Income tax expense (benefit) at statutory rate	$(1,503,000)	$(3,965,000)
(Increase) decrease resulting from:		
State income taxes, net of federal tax effect	(189,000)	(428,000)
Nondeductible expenses	117,000	134,000
Change in effective tax rate	(166,000)	194,000
Change in valuation allowance	1,732,000	4,136,000
Other	9,000	(71,000)
	$-	$-

Table of Contents

The deferred income tax assets and liabilities consisted of the following components as of December 28, 2013 and December 29, 2012:

	2013	2012
Deferred tax assets:		
Net operating loss carryforward	$8,953,000	$8,512,000
Stock options and restricted stock	1,945,000	1,679,000
Investment in affiliate related to BluScience transaction	1,187,000	-
Inventory reserve	100,000	138,000
Allowance for doubtful accounts	3,000	169,000
Accrued expenses	164,000	134,000
Intangibles	36,000	48,000
Deferred rent	99,000	76,000
	12,487,000	10,756,000
Less valuation allowance	12,361,000	10,629,000
	126,000	127,000
Deferred tax liabilities:		
Leasehold improvements and equipment	(100,000)	(101,000)
Prepaid expenses	(26,000)	(26,000)
	(126,000)	(127,000)
	$-	$-

The Company has tax net operating loss carryforwards and other tax attributes available to offset future federal taxable income and future state taxable income of approximately $23,329,000 and $19,227,000, respectively which begin to expire in the year ending December 31, 2023 and 2014, respectively. The net operating loss can be carried forward up to 20 years for federal tax returns and from 5 to 20 years for various state tax returns. Under the Internal Revenue Code, certain ownership changes may subject the Company to annual limitations on the utilization of its net operating loss carryforward. The Company has determined that the stock issued in the year 2010 created a change in control under the Internal Revenue Code Section 382. This limitation when applying to future taxable income is not expected to be significant. The Company will continue to analyze the potential impact of any additional transactions undertaken upon the utilization of the net operating losses on a go forward basis.

Note 9. Employee Equity Incentive Plan

Stock Option Plans

At the discretion of the Company’s compensation committee (the “Compensation Committee”), and with the approval of the Company’s board of directors (the “Board of Directors”), the Company may grant options to purchase the Company’s common stock to certain individuals from time to time. Management and the Compensation Committee determine the terms of awards which include the exercise price, vesting conditions and expiration dates at the time of grant. Expiration dates for stock options are not to exceed 10 years from their date of issuance. The Company, under its Second Amended and Restated 2007 Equity Incentive Plan, is authorized to issue stock options that total no more than 20% of the shares of common stock issued and outstanding, as determined on a fully diluted basis. Beginning in 2007, stock options were no longer issuable under the Company’s 2000 Non-Qualified Incentive Stock Plan. The remaining amount available for issuance under the Second Amended and Restated 2007 Equity Incentive Plan totaled 6,953,940 at December 28, 2013. The stock option awards generally vest ratably over a four-year period following grant date after a passage of time. However, some stock option awards are performance based and vest based on the achievement of certain criteria established by the Compensation Committee, subject to approval by the Board of

Directors.

F-16

Table of Contents

The fair value of the Company's stock options was estimated at the date of grant using the Black-Scholes based option valuation model. The table below outlines the weighted average assumptions for options granted to employees during the years ended December 28, 2013 and December 29, 2012.

Year Ended December	2013	2012
Volatility	32.75 %	33.22 %
Expected dividends	0.00 %	0.00 %
Expected term	6.0 years	5.8 years
Risk-free rate	1.51 %	0.96 %

The Company calculated expected volatility from the volatility of publicly held companies in similar industries, as the historical volatility of the Company's common stock does not cover the period equal to the expected life of the options. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. For the expected term, the Company used SEC Staff Accounting Bulletin No. 107 simplified method since most of the options granted were "plain vanilla" options with following characteristics: (i) the share options are granted at the market price on the grant date; (ii) exercisability is conditional on performing service through the vesting date on most options; (iii) If an employee terminates service prior to vesting, the employee would forfeit the share options; (iv) if an employee terminates service after vesting, the employee would have 30 days to exercise the share options; and (v) the share options are nontransferable and nonhedgeable. The estimation process for the fair value of performance based stock options was the same as for service period based options.

1) Service Period Based Stock Options

The majority of options granted by the Company are comprised of service based options granted to employees. These options vest ratably over a defined period following grant date after a passage of a service period.

The following table summarizes service period based stock options activity at December 28, 2013 and changes during the year then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	12,202,558	$1.08		
Options Granted	805,000	0.81		
Options Exercised	(26,038)	0.51		
Options Expired	(75,000)	0.50		
Options Forfeited	(792,865)	1.19		
Outstanding at December 28, 2013	12,113,655	$1.06	7.43	$6,513,219
Exercisable at December 28, 2013	8,184,312	$1.14	6.76	$3,767,235

During the year ended December 29, 2012, the Company granted option awards to 7 directors and 2 employees who are all accredited investors at an exercise price of $0.945, on the condition that certain option awards with exercise prices of $1.50 or higher, which the Company had previously granted are terminated. Such directors and employees accepted these conditional option awards and agreed to terminate previously granted options to purchase an aggregate of 7,765,512 shares at exercise prices of $1.50 or higher and receive new option awards to purchase an aggregate of

4,777,878 shares at an exercise price of $0.945. The incremental compensation cost, which is the excess of the fair value of the replacement awards over the fair value of the cancelled awards at the cancellation date, was measured using the Black-Scholes based option valuation model. The total incremental compensation cost was $970,071 and this cost together with the unrecognized compensation cost of the cancelled awards will be amortized over the vesting periods of replacement awards which range from 1 to 3 years. The existing expense of the cancelled awards through cancellation date remains and is not reversed.

Table of Contents

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of $1.60 on the last day of business for the year ended December 28, 2013. The weighted average fair value of options granted during the years ended December 28, 2013, and December 29, 2012 was $0.29, and $0.27 respectively. The aggregate intrinsic value for options exercised during the years ended December 28, 2013, and December 29, 2012 was approximately $7,000 and $1,000 respectively.

2) Performance Based Stock Options

The Company also grants stock option awards that are performance based and vest based on the achievement of certain criteria established from time to time by the Compensation Committee. If these performance criteria are not met, the compensation expenses are not recognized and the expenses that have been recognized will be reversed.

The following table summarizes performance based stock options activity at December 28, 2013 and changes during the year then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	145,834	$1.59		
Options Granted	200,000	0.63		
Options Exercised	-	-		
Options Expired	-	-		
Options Forfeited	(145,834)	1.59		
Outstanding at December 28, 2013	200,000	$0.63	9.08	$194,000
Exercisable at December 28, 2013	-	$-	-	$-

The aggregate intrinsic value in the table above are before income taxes, based on the Company's closing stock price of $1.60 on the last day of business for the period ended December 28, 2013. The weighted average fair value of options granted during the year ended December 28, 2013 was $0.22. The Company did not grant any performance based stock options during the year ended December 29, 2012.

As of December 28, 2013, there was approximately $1,628,000 of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for employee stock options. That cost is expected to be recognized over a weighted average period of 2.32 years. The realized tax benefit from stock options for the years ended December 28, 2013, and December 29, 2012 was $0, based on the Company's election of the "with and without" approach.

Restricted Stock with Market Conditions

Restricted stock awards granted by the Company to employees generally have market vesting conditions that are unique to each award.

Table of Contents

The following table summarizes activity of restricted stock awards granted to employees at December 28, 2013 and changes during the twelve months then ended:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at December 29, 2012	500,000	$ 0.69
Granted	-	-
Vested	-	-
Forfeited	-	-
Unvested shares at December 28, 2013	500,000	$ 0.69
Expected to Vest as of December 28, 2013	500,000	$ 0.69

Certain restricted stock awards had market conditions. The fair values of these restricted stock awards were estimated at the dates of award using the Hull-White based binomial valuation model. The table below outlines the weighted average assumptions of these market conditioned restricted stock awarded to employees during the year ended December 29, 2012.

Year Ended December 29, 2012	2012	
Expected Term	3.00	
Expected Volatility	69.98	%
Expected Dividends	0.00	%
Risk Free Rate of Return	0.39	%

The Company calculated expected volatility from the volatility of publicly held companies in similar industries as well as the historical volatility of the Company's common stock. Less weight was assigned to the volatility of the Company's common stock as the historical volatility of Company's common stock covers only about four and a half years in a thinly traded market. The dividend yield assumption is based on the Company's history and expectation on future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. The Company used the expected vesting period of the restricted stock for estimating the expected term of the restricted stock.

Certain restricted stock awards had both market and service conditions and the awards become vested on the satisfaction of either condition. The fair values of these restricted stock awards were estimated at the date of award using the Company's stock price as the service condition prevailed over the market condition.

On February 13, 2012, William Spengler, our former President, ceased serving in all positions he held with the Company. 1,000,000 restricted shares of our common stock held by Mr. Spengler were forfeited. Expense recognized related to this forfeited restricted stock award was reversed during the year ended December 29, 2012, as the vesting conditions established by the Company, including continuous employment through November 15, 2013, were not met. The reversed expense amount the Company had recognized through December 31, 2011 was $476,411.

On February 7, 2012, the Company awarded 1,000,000 shares of restricted stock to our former Chief Executive Officer and President, Jeffrey Himmel and on February 21, 2012, the Company awarded 750,000 shares of restricted stock to our former Chief Operating Officer, Debra Heim. On June 11, 2012, both Mr. Himmel and Ms. Heim ceased serving in all positions held with the Company and restricted shares held by Mr. Himmel and Ms. Heim were forfeited. Expense recognized related to these forfeited restricted stock awards was reversed.

On June 6, 2012, the Company awarded 250,000 shares of restricted stock to each of our Chief Executive Officer, Frank Jaksch and our Chief Financial Officer, Thomas Varvaro. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of Mr. Jaksch or Mr. Varvaro for any reason. As of December 29, 2012, these shares have not been vested.

F-19

Table of Contents

As of December 28, 2013, the Company did not have any unrecognized compensation expense related to restricted stock awards to employees.

Stock Awards

From time to time, the Company awards shares of its common stock to executives and members of the Board of Directors as part of its overall compensation program. On February 7, 2012, the Company awarded 100,000 shares of common stock to Jeffrey Himmel, our former Chief Executive Officer and President, pursuant to an employment agreement with Mr. Himmel. The fair value of these awarded shares was estimated at the date of award using the Company's stock price. Since these shares are immediately vested, the award is deemed to be fully earned upon issuance and the full fair value of $94,000 was expensed on the date of award. On February 21, 2012, the Company awarded 75,000 shares of common stock to Debra Heim, our former Chief Operating Officer, pursuant to an employment agreement with Ms. Heim. The fair value of these awarded shares was estimated at the date of award using the Company's stock price. Since these shares are immediately vested, the award is deemed to be fully earned upon issuance and the full fair value of $60,000 was expensed on the date of award. On June 6, 2012, the Company awarded 500,000 shares of common stock to each of Michael Brauser and Barry Honig, who are Co-Chairmen of the Board of Directors. The fair value of these awarded shares was estimated at the date of award using the Company's stock price. Since these shares are immediately vested, the awards are deemed to be fully earned upon issuance and the full fair value of $690,000, or $345,000 each was expensed on the date of award.

For employee share-based compensation, the Company recognized share-based compensation expense of approximately $958,000 in general and administrative expenses in the statement of operations for the year ended December 28, 2013. The Company recognized $1,498,000 in share-based compensation expense for the year ended December 29, 2012.

Note 10. Non-Employee Share-Based Compensation

Stock Option Plans

At the discretion of management, working with the Compensation Committee, and with approval of the Board of Directors, the Company may grant options to purchase the Company's common stock to certain individuals from time to time who are not employees of the Company. These options are granted under the Second Amended and Restated 2007 Equity Incentive Plan of the Company and are granted on the same terms as those being issued to employees. Stock options granted to non-employees are accounted for using the fair value approach. The fair value of non-employee option grants are estimated using the Black-Scholes option-pricing model and are re-measured over the vesting term until earned. The estimated fair value is expensed over the applicable service period.

The following table summarizes activity of stock options granted to non-employees at December 28, 2013 and changes during the year then ended:

		Weighted Average		
	Number of Shares	Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	1,097,300	$1.23		
Options Granted	-	-		
Options Exercised	(250,000)	0.50		
Options Forfeited	-	-		

Outstanding at December 28, 2013	847,300	$1.44	5.74	$131,627
Exercisable at December 28, 2013	847,300	$1.44	5.74	$131,627

F-20

Table of Contents

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of $1.60 on the last day of business for the year ended December 28, 2013. The aggregate intrinsic value for options exercised during the year ended December 28, 2013 was $35,000. There were no options exercised during the year ended December 29, 2012.

As of December 28, 2013, the Company did not have any unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for non-employee stock options.

Stock Awards

During the year ended December 28, 2013, the Company awarded an aggregate of 600,000 shares of the Company's common stock that were fully vested and non-refundable to non-employees. The fair values of the awards were based on the trading price of the Company's stock on the date of issuance. The expense the Company recognized for these awards was approximately $325,000 for the year ended December 28, 2013. During the year ended December 29, 2012, the Company awarded an aggregate of 1,234,851 shares and recognized a total expense of approximately $790,000.

Warrant Awards

During the year ended December 28, 2013, the Company recognized an expense of approximately $4,094 for the warrants that were previously awarded to a certain non-employee during the year ended December 29, 2012. During the year ended December 28, 2013, these warrants were exercised and the Company issued 74,186 shares of common stock. The non-employee who held these warrants elected a cashless exercise pursuant to the provisions of the warrants and received 74,186 shares of common stock in lieu of 250,000 shares for a cash payment of $0.75 per share. The intrinsic value of the warrants exercised was $90,507.

The fair value of these warrants was estimated at the date of award using the Black-Scholes based valuation model. The table below outlines the assumptions for the warrants granted.

Year Ended December 29, 2012	2012	
Volatility	28.2	%
Expected dividends	0.00	%
Expected term	2.0 years	
Risk-free rate	0.27	%

The Company calculated expected volatility from the volatility of publicly held companies in similar industries. The Company did not use the volatility of the Company's common stock as the historical volatility of Company's common stock covers only about four and a half years in a thinly traded market. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. The expected term of the warrants represents the contractual terms. For the year ended December 29, 2012, the expense the Company recognized for this warrant award was $4,731.

For non-employee share-based compensation, the Company recognized share-based compensation expense of approximately $330,000 in general and administrative expenses in the statement of operations for the year ended December 28, 2013. The Company recognized approximately $1,206,000 in share-based compensation expense for the year ended December 29, 2012.

Note 11. Stock Issuance

On October 17, 2013, the Company sold an aggregate of 2,941,176 shares of the Company's common stock, with gross proceeds to the Company of $2,500,000 to a certain strategic accredited investor pursuant to a subscription agreement. Each share of common stock was sold for a purchase price of $0.85 per share. There is no put provision to the Company associated with the issuance of the Company's common stock.

On October 18, 2013, the Company sold an aggregate of 588,235 shares of the Company's common stock, with gross proceeds to the Company of $500,000 to a certain strategic accredited investor pursuant to a subscription agreement. Each share of Common Stock was sold for a purchase price of $0.85 per share on the same terms of the investment made by the strategic accredited investor on October 17, 2013. A cash fee in the amount of $20,000 was paid to a placement agent in connection with this $500,000 investment.

Table of Contents

On January 31, 2012, the Company entered into a definitive agreement with investors in a registered direct offering of common stock at a price per share of $0.75. On February 9, 2012, the registered direct offering was consummated and the Company sold 9,966,666 shares of common stock at a price per share of $0.75 for gross proceeds of $7,475,000, or net proceeds of $6,739,498 after deducting offering costs. As a part of the offering commission to its placement agent, the Company issued warrants to purchase 300,000 shares of the Company's common stock to the placement agent, Aegis Capital Corp. and its designees. These warrants have an exercise price of $0.85 per share, a term of 2.5 years and a cashless exercise feature. The aggregate estimated fair value of these warrants was $44,610 and these warrants were determined to be equity awards. The fair value was estimated at the date of issuance using the Black-Scholes based valuation model. The table below outlines the assumptions for the warrants issued to Aegis Capital Corp. and its designees.

Year Ended December 29, 2012	2012	
Volatility	29.7	%
Expected dividends	0.00	%
Expected term	2.5 years	
Risk-free rate	0.28	%

The Company calculated expected volatility from the volatility of publicly held companies in similar industries. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. The expected term of the warrants represents the contractual terms.

In addition, on January 31, 2012, the Company entered into an agreement with investors, including several members of the Company's management, for the sale of restricted shares of common stock at a price per share of $0.75 per share in a private placement. On February 10, 2012, the sale to investors in a private placement was consummated and the Company sold 4,933,329 restricted shares of common stock at a price per share of $0.75 per share for gross proceeds of $3,699,997, or net proceeds of $3,330,740 after deducting offering costs.

Note 12. Warrants

The following table summarizes activity of warrants at December 28, 2013 and changes during the year then ended:

		Weighted Average		
	Number of Shares	Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	10,056,914	$0.72		
Warrants Granted	-	-		
Warrants Exercised	(8,338,564)	0.25		
Warrants Expired	(1,718,350)	3.00		
Outstanding at December 28, 2013	-	$-	-	$-
Exercisable at December 28, 2013	-	$-	-	$-

During the year ended December 28, 2013, 7,803,564 warrants with an exercise price of $0.21 per share were exercised and the Company received proceeds of $1,638,748 from exercise of these warrants. These warrants were issued during the year ended January 1, 2011 pursuant to a subscription agreement entered into by the holders of such warrants and the Company on April 22, 2010.

Table of Contents

During the year ended December 28, 2013, the warrants awarded to a certain non-employee during the year ended December 29, 2012 with an exercise price of $0.75 per share were exercised and the Company issued 74,186 shares of common stock. The non-employee who held these warrants elected a cashless exercise pursuant to the provisions of the warrants and received 74,186 shares of common stock in lieu of 250,000 shares for a cash payment of $0.75 per share.

During the year ended December 28, 2013, the warrants issued to Aegis Capital Corp. and its designees during the year ended December 29, 2012 with an exercise price of $0.85 per share were exercised and the Company issued 101,477 shares of common stock. The warrant holders elected a cashless exercise pursuant to the provisions of the warrants and received 101,477 shares of common stock in lieu of 285,000 shares and a cash payment of $0.85 per share.

During the year ended December 29, 2012, 750,000 warrants with an exercise price of $0.21 per share were exercised and the Company received proceeds of $157,500 from exercise of these warrants. These warrants were issued during the year ended January 1, 2011 pursuant to a subscription agreement entered into by the holders of such warrants and the Company on April 22, 2010.

During the year ended December 29, 2012, a part of the warrants issued to Aegis Capital Corp. and its designees, warrants with an exercise price of $0.85 per share were exercised and the Company issued 4,103 shares of common stock. The warrant holder elected a cashless exercise pursuant to the provisions of the warrants and received 4,103 shares of common stock in lieu of 15,000 shares and a cash payment of $0.85 per share. These warrants were issued during the year ended December 29, 2012 as part of Aegis Capital Corp.'s services as a placement agent in conjunction with the registered direct offering concluded during the year ended December 29, 2012.

During the year ended December 29, 2012, the Company awarded warrants to purchase 250,000 shares of the Company's common stock to a certain non-employee. The exercise price of these warrants was $0.75 per share and the term for these warrants was 2 years.

Note 13. Commitments and Contingencies

Lease

The Company leases its office and research facilities in California, Colorado and Maryland under operating lease agreements that expire at various dates from August 2014 through September 2019. Monthly lease payments range from $1,214 per month to $22,124 per month, and minimum lease payments escalate during the terms of the leases. Generally accepted accounting principles require total minimum lease payments to be recognized as rent expense on a straight-line basis over the term of the lease. The excess of such expense over amounts required to be paid under the lease agreement is carried as a liability on the Company's consolidated balance sheet.

Minimum future rental payments under all of the leases are as follows:

Fiscal years ending:	
2014	$524,000
2015	515,000
2016	319,000
2017	225,000
2018	233,000
	$1,816,000

Table of Contents

Rent expense was approximately $519,000, and $512,000 for the years ended December 28, 2013 and December 29, 2012, respectively.

Royalty

The Company has 8 royalty agreements related to certain products the Company offers to its customers. These agreements expire at various dates from December 31, 2019 through April 12, 2032. Yearly minimum royalty payments including license maintenance fees range from $1,000 per year to $35,000 per year, however, these minimum payments escalate each year with a maximum of $50,000 per year. In addition, the Company is required to pay a range of 2% to 5% of sales related to the licensed products under these agreements. Total royalty expense including license maintenance fees from continuing operations for the year ended December 28, 2013 and December 29, 2012 was approximately $111,000 and $75,000, respectively under these agreements. Minimum royalties including license maintenance fees for the next five years are as follows:

Fiscal years ending:	
2014	$150,000
2015	179,000
2016	199,000
2017	201,000
2018	200,000
	$929,000

Legal proceedings

The Company from time to time is involved in legal proceedings in the ordinary course of our business, which can include employment claims, product claims and patent infringements. We do not believe that any of these claims and proceedings against us as they arise are likely to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations.

Severance payments to executive officers

As of December 28, 2013, the Company has two executive officers, Frank Jaksch, Jr., Chief Executive Officer and Thomas Varvaro, Chief Financial Officer. Upon termination, Mr. Jaksch and Mr. Varvaro will receive severance payments per the terms of the respective employment agreements entered with the Company. The key terms of the employment agreements, including the severance terms are as follows:

Employment Agreement with Frank L. Jaksch Jr.

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the “Amended Jaksch Agreement”) with Frank L. Jaksch Jr. The Amended Jaksch Agreement has a three year term, beginning on the date of the Agreement, that automatically renews unless the Amended Jaksch Agreement is terminated in accordance with its terms. On January 2, 2014, the Board approved the recommendations of the Company’s Compensation Committee raising the annual base salary of Mr. Jaksch to $275,000 per year and raising the annual cash bonus target for Mr. Jaksch up to 50% of his base salary.

The severance terms of the Amended Jaksch Agreement provide that in the event Mr. Jaksch’s employment with the Company is terminated voluntarily by Mr. Jaksch, he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 50% of his salary (50% of his salary being the “Maximum Annual Bonus”) for the year of termination. In addition, if Mr. Jaksch leaves the Company for “Good

Reason", (as defined in the Amended Jaksch Agreement), he will also be entitled to severance equal to the Maximum Annual Bonus, and he will be deemed to have been employed for the entirety of such year. Severance will then consist of 16 weeks of paid salary, unless Mr. Jaksch signs a release, in which case he will receive compensation equal to the lesser of the remainder of the term of the agreement, or up to 12 months paid salary.

In the event that Mr. Jaksch is terminated by the Company for "Cause" (as defined in the Amended Jaksch Agreement), he will only be entitled to his accrued but unpaid base salary, and any stock vested through the date of his termination.

Table of Contents

In the event that Mr. Jaksch is terminated due to "Cessation of Business" (as defined in the Amended Jaksch Agreement), Mr. Jaksch will be entitled to a lump sum payment of base salary and an amount equal to the Maximum Annual Bonus, and continuation of health benefits until the earlier of the last to occur of the term or renewal term of the agreement or 12 months from the date of termination.

In the event the Company terminates Mr. Jaksch's employment "without Cause" (as defined in the Amended Jaksch Agreement), Mr. Jaksch will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Jaksch enters into a standard separation agreement, Mr. Jaksch will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided to other executive employees until the last to occur of the expiration of the term or renewal term then in effect or 24 months from the date of termination (the "Severance Period"), and he will receive his Maximum Annual Bonus if the Severance Period is equal to 24 months or a pro rata portion thereof if less, as well as the full vesting of any otherwise unvested stock.

Employment Agreement with Thomas C. Varvaro

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the "Amended Varvaro Agreement") with Thomas C. Varvaro. The Amended Varvaro Agreement has a three year term beginning on the date of the agreement that automatically renews unless the Amended Varvaro Agreement is terminated in accordance with its terms. On January 2, 2014, the Board approved the recommendations of the Company's Compensation Committee raising the annual base salary of Mr. Varvaro to $225,000 per year and raising the annual cash bonus target for Mr. Varvaro up to 40% of his base salary.

The severance terms of the Amended Varvaro Agreement provide that in the event Mr. Varvaro's employment with us is terminated voluntarily by Mr. Varvaro he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 40% of his salary (40% of this salary being the "Maximum Annual Bonus") for the year of termination. In addition, if Mr. Varvaro leaves the Company for "Good Reason" (as defined in the Amended Varvaro Agreement), he will also be entitled to severance equal to the Maximum Annual Bonus, and he shall be deemed to have been employed for the entirety of such year. Severance will then consist of 16 weeks of paid salary, unless Mr. Varvaro signs a release, in which case he will receive compensation equal to the lesser of the remainder of his agreement or 12 months paid salary.

In the event that Mr. Varvaro is terminated by the Company for "Cause" (as defined in the Amended Varvaro Agreement), he will only be entitled to his accrued but unpaid base salary, and any stock vested through the date of his termination.

In the event that Mr. Varvaro is terminated due to a "Cessation of Business" (as defined in the Amended Varvaro Agreement), Mr. Varvaro will be entitled to a lump sum payment of base salary and an amount equal to the Maximum Annual Bonus, and continuation of health benefits until the last to occur of the term or renewal term of the agreement or 12 months from the date of termination.

In the event the Company terminates Mr. Varvaro's employment "without Cause," Mr. Varvaro will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Varvaro enters into a standard separation agreement, Mr. Varvaro will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided to other executive employees until the last to occur of the expiration of the term or renewal term then in effect or 24 months from the date of termination (the "Severance Period"), will receive his Maximum Annual Bonus if the Severance Period is equal to 24 months or a pro rata portion thereof if less, as well as the full vesting of any otherwise unvested stock.

Table of Contents

Note 14. Business Segmentation and Geographical Distribution

Since the year ended December 29, 2012, the Company began segregating its financial results for Spherix Consulting, Inc. ("Spherix"), which the Company acquired on December 3, 2012. Spherix provides scientific and regulatory consulting. The Company has following three reportable segments.

- Core standards, contract services and ingredients segment includes supply of phytochemical reference standards, which are small quantities of plant-based compounds typically used to research an array of potential attributes, and reference materials, related contract services, and proprietary ingredients.

- Scientific and regulatory consulting segment which consist of providing scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks.

- Retail dietary supplement products segment which consist of the supply of the BluScience line of dietary supplement products containing the Company's proprietary ingredients to various retail distribution channels. On March 28, 2013, the Company entered into an asset sale agreement with NeutriSci and consummated the sale of BluScience consumer product line to NeutriSci.

The "Other" classification includes corporate items not allocated by the Company to each reportable segment. Further, there are no intersegment sales that require elimination. The Company evaluates performance and allocates resources based on reviewing gross margin by reportable segment.

Year ended December 28, 2013	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Net sales	$9,074,531	$1,146,718	$(60,285)	$-	$10,160,964
Cost of sales	6,394,836	632,037	955	-	7,027,828
Gross profit (loss)	2,679,695	514,681	(61,240)	-	3,133,136
Operating expenses:					
Sales and marketing	2,211,741	14,705	131,159	-	2,357,605
General and administrative	-	-	-	5,117,016	5,117,016
Loss from investment in affiliate	-	-	-	44,961	44,961
Operating expenses	2,211,741	14,705	131,159	5,161,977	7,519,582
Operating income (loss)	$467,954	$499,976	$(192,399)	$(5,161,977)	$(4,386,446)

Table of Contents

Year ended December 29, 2012	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Net sales	$8,458,082	$69,718	$3,082,694	$-	$11,610,494
Cost of sales	6,075,050	25,729	3,234,278	-	9,335,057
Gross profit (loss)	2,383,032	43,989	(151,584)	-	2,275,437
Operating expenses:					
Sales and marketing	2,227,934	-	3,292,207	-	5,520,141
General and administrative	-	-	-	8,391,730	8,391,730
Operating expenses	2,227,934	-	3,292,207	8,391,730	13,911,871
Operating income (loss)	$155,098	$43,989	$(3,443,791)	$(8,391,730)	$(11,636,434)

At December 28, 2013	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Total assets	$4,036,126	$139,765	$ -	$4,811,001	$8,986,892

At December 29, 2012	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Total assets	$3,542,355	$72,573	$4,331,866	$1,087,727	$9,034,521

Revenue from international sources for the core standards, contract services and ingredients segment approximated $1,510,000 and $1,690,000 for the years ended December 28, 2013 and December 29, 2012, respectively. Revenues from international sources for the scientific and regulatory consulting segment approximated $450,000 and $4,000 for the years ended December 28, 2013 and December 29, 2012, respectively. International sources which the Company generates revenue include Europe, North America, South America, Asia, and Oceania. We did not have any revenue from international sources for the retail dietary supplement products segment for the years ended December 28, 2013 and December 29, 2012.

The Company’s long-lived assets are located within the United States.

Table of Contents

Note 15. Related-Party Transactions

On February 9, 2012, the Company and Opko Health, Inc. ("OPKO") entered into a license, supply and distribution agreement. Pursuant to this agreement, the Company has licensed to OPKO certain new product offerings and health care technologies for distribution and business development throughout Latin America. As of December 28, 2013, there were no transactions between the Company and OPKO under this agreement, but the initial product to be commercialized is our proprietary product pterostilbene. On July 10, 2012, the Company and OPKO entered into another agreement, pursuant to which OPKO was retained to serve as management consultant and advisor to the Company. That agreement expired on October 10, 2012. As a consideration for the services, the Company granted OPKO 500,000 shares of its common stock. The fair value of this stock award was $320,000 and was measured using the Company's stock price on the date of award. The expense was amortized over the three month period which the services had been provided. Dr. Phillip Frost, who beneficially owns 15,252,937 shares of the Company's common stock, or 14.5% of the Company's outstanding shares as of December 28, 2013, is Chairman of the Board and Chief Executive Officer of OPKO.

Note 16. Subsequent Events

Subsequent to the year ended December 28, 2013, the Company assigned a senior convertible secured note issued by NeutriSci to an unrelated third party. At the date of assignment, $2,275,000 remained outstanding on the senior secured convertible note. The transaction amount was for $1,250,000 and the Company received net proceeds of $1,092,500 after deducting transaction costs of $150,000 cash fee paid to a placement agent, Palladium Capital Advisors, LLC, and $7,500 legal fee. There is no recourse provision to the Company associated with the assignment of the note. The Company also agreed to transfer a number of shares of preferred stock of NeutriSci having a value of $500,000 to an unrelated third party and $50,000 to Palladium at a later date.

On January 2, 2014, the Company awarded 1,090,000 shares of the Company's restricted stock, subject to certain vesting provisions to the Company's officers and the members of the board of directors.

Table of Contents

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

We have had no disagreements with our independent registered public accounting firm on accounting and financial disclosure.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer carried out an evaluation of the effectiveness of our disclosure controls and procedures as of December 28, 2013. Pursuant to Rule13a−15(e) promulgated by the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") "disclosure controls and procedures" means controls and other procedures that are designed to insure that information required to be disclosed by us in the reports that we file with the Commission is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to insure that information that we are required to disclose in the reports we file with the Commission is accumulated and communicated to our principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of December 28, 2013, based upon the material weakness described below. However, since identifying the material weakness described below, our management has developed a remediation plan prior to December 28, 2013 and is in the process of implementing the plan. While our management believes that the implementation of this plan will result in the Company's disclosure controls and procedures becoming effective, it is unknown at this time if our disclosure controls and procedures will in fact become effective.

Inherent Limitations on Disclosure Controls and Procedures

The effectiveness of our disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures, no matter how well conceived, will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

Changes in Internal Controls

Except as discussed below with respect to the development and implementation of our remediation plan, there was no change in internal controls over financial reporting (as defined in Rule 13a−15(f) promulgated under the Exchange Act) that occurred during our fourth fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Table of Contents

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our internal control over financial reporting include those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management, including the undersigned principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 28, 2013. In conducting its assessment, our management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (1992). Based on this assessment, our management concluded that, as of December 28, 2013, our internal control over financial reporting was not effective based on those criteria due to the material weakness disclosed below.

During our review of the interim financial statements for the three and nine months ended September 28, 2013, the Company determined that the financial statements filed for the three month period ended March 30, 2013 and the six month period ended June 29, 2013 (the "Financial Statements") contained a misstatement pertaining to the accounting treatment of the sale of the BluScience assets to NeutriSci. The value of the equity and the senior secured convertible note that the Company received from NeutriSci as part of the purchase price were originally accounted for at the face value of the assets for recognizing a gain on the sale of the BluScience assets. Due to the inability to make a reliably determinable estimate of the fair value of the NeutriSci equity securities and the ultimate collectability of the notes received as consideration, management has determined that the proper accounting for the sale transaction is the cost recovery method. Under the cost recovery method, no gain on the sale will be recognized until the Company's cost basis in the net assets sold has been recovered. The Company originally accounted for its investment in NeutriSci under the Cost method where it has now been determined that the equity method should have been used. All amendments and restatements to the Financial Statements affected were non-cash in nature.

The Company has determined that the restatements of its Financial Statements resulted from a material weakness in its internal control over financial reporting, specifically related to its process and procedures related to the accounting sale of assets in exchange for non-cash consideration. The Company has developed a remediation plan to address the material weakness. Implementation of the remediation plan is in process and consists of, among other things, redesigning the procedures to enhance its identification, capture, review, approval and recording of contractual terms included in asset sales and its treatment of equity method investments. The Company will also seek, when necessary, the counsel of experts in accounting on future unusual and non-recurring transactions.

Table of Contents

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

Inherent Limitations on Internal Control

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of control. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, our internal control over financial reporting is designed to provide reasonable assurance of achieving their objectives.

Item 9B. Other Information

None.

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the names, ages, and positions of our current directors and executive officers. Our directors hold office for one-year terms until the following annual meeting of stockholders and until his or her successor has been elected and qualified or until the director's earlier resignation or removal. Officers are elected annually by the Board of Directors (the "Board") and serve at the discretion of the Board.

Name	Age	Position
Frank Jaksch, Jr.	45	Chief Executive Officer and Director
Thomas Varvaro	44	Chief Financial Officer
Troy Rhonemus	41	Chief Operating Officer
Michael Brauser	58	Co-Chairman of the Board
Barry Honig	42	Co-Chairman of the Board
Stephen A. Block (1)(2)	69	Director
Reid Dabney (1)	62	Director
Hugh Dunkerley (2)	40	Director
Mark S. Germain (3)	63	Director
Glenn L. Halpryn (1)(3)	53	Director
Stephen Allen (2)(3)	64	Director

(1) Member of our Audit Committee.
(2) Member of our Compensation Committee.
(3) Member of our Nominating and Corporate Governance Committee.

Board of Directors

The Board currently consists of nine members, eight of whom are independent within the meaning of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc. On December 31, 2013, Mr. Curtis Lockshin resigned from the Board. Mr. Lockshin's resignation was not as a result of any disagreements with the Company's operations, policies or practices. At a meeting held on January 2, 2014, the Board appointed Mr. Stephen Allen to serve as a member of the Company's Board. Mr. Allen was appointed to serve on the Board's Compensation Committee and to serve as chairperson of the Board's Nominating and Governance Committee.

Listed below are the biographical summaries and ages as of March 20, 2014 of individuals serving as directors as well as information about each individual's qualification and experience that contributes to the overall needs of the Board as determined by the Nominating and Corporate Governance Committee:

Michael H. Brauser, 58, has served as Co-Chairman of the Board since October 2011 and served on the Compensation Committee of the Company from May 2010 to March 2011. Mr. Brauser has been the manager of, and an investor with, Marlin Capital Partners, LLC, a private investment company, since 2003. From 1999 to 2002, he served as president and chief executive officer of Naviant, Inc. (eDirect, Inc.), an internet marketing company. He also was the founder of Seisant, Inc. (eData.com, Inc.). Mr. Brauser served as co-chairman of the board of directors of InterCLICK (now a part of Yahoo Inc.(NASDAQ: YHOO)), from August 2007 to December 2011. The Nominating and Corporate Governance Committee believes that Mr. Brauser's past experience as co-chairman of the board of directors of InterCLICK and as a manager of an investment company bring extensive business and management expertise to the Board.

Table of Contents

Barry Honig, 42, has served as Co-Chairman of the Board since October 2011. Mr. Honig is a specialist in corporate finance and structuring. He served as co-chairman of board of directors of InterCLICK (now a part of Yahoo Inc.(NASDAQ: YHOO)) from August 2007 to December 2011. Since 2003, Mr. Honig has served as a consultant to numerous emerging growth companies in all stages of the corporate lifecycle from startup through IPO/APO. His expertise includes capital restructuring, debt financing, capital introductions, and mergers and acquisitions. Since 2004, Mr. Honig has served as president and founder of GRQ Consultants Inc., an investor in, and consultant to, early stage companies. From 1998 to 2001, Mr. Honig worked at Ramius Capital trading in distressed equities, arbitrage, long/short and other specialized trading strategies. The Nominating and Corporate Governance Committee believes that Mr. Honig's past experience as co-chairman of the board of directors of InterCLICK and as a consultant to numerous emerging growth companies bring extensive business and management expertise to the Board.

Frank L. Jaksch Jr., 45, is a co-founder of the Company and has served as a member of Board since February 2000. Mr. Jaksch served as Chairman of the Board from May 2010 to October 2011 and was its Co-Chairman from February 2000 to May 2010. Mr. Jaksch currently serves as our Chief Executive Officer. Mr. Jaksch oversees research, strategy and operations for the Company with a focus on scientific and novel products for pharmaceutical and nutraceutical markets. From 1993 to 1999, Mr. Jaksch served as International Subsidiaries Manager of Phenomenex, a life science supply company where he managed the international subsidiary and international business development divisions. Mr. Jaksch earned a B.S. in Chemistry and Biology from Valparaiso University. The Nominating and Corporate Governance Committee believes that Mr. Jaksch's years of experience working in chemistry-related industries, his extensive sales and marketing background, and his knowledge of international business bring an understanding of the industries in which the Company operates as well as scientific expertise to the Board.

Stephen A. Block, 69, has been a director of the Company since October 2007 and Chair of the Compensation Committee and a member of the Audit Committee since October 2007. From May 2010 to October 2011, Mr. Block served as Lead Independent Director to the Board. Mr. Block is also a director and chair of the nominating and corporate governance committee and a member of the audit committee of Senomyx, Inc. (NASDAQ:SNMX). He has served on the board of directors of Senomyx, Inc. since 2005. Since September 2013, he has served as a director of GetThis, Corp., a privately held digital media company bringing real-time shopping through a second screen to consumers watching television programming. Until December 2011, he also served as the chairman of the board of directors of Blue Pacific Flavors and Fragrances, Inc., and, until March 2012, as a director of Allylix, Inc. He served on the boards of directors of these privately held companies since 2008, and 2007, respectively. Mr. Block retired as senior vice president, general counsel and secretary of International Flavors and Fragrances Inc., a leading creator, manufacturer and seller of flavors and fragrances (IFF) in December 2003, having been IFF's chief legal officer since 1993. During his eleven years at IFF he also led the company's Regulatory Affairs Department. Prior to 1993, Mr. Block served as senior vice president, general counsel, secretary and director of GAF Corporation, a company specializing in specialty chemicals and building materials, and its publicly traded subsidiary International Specialty Products Inc., held various management positions with Celanese Corporation, a company specializing in synthetic fibers, chemicals and plastics, and practiced law with the New York firm of Stroock & Stroock & Lavan. Mr. Block currently serves as an industry consultant and as a Managing Director of K5 Venture Partners LLC, an early stage venture capital firm, and its affiliated Orange County accelerator, K5 Launch, and as a member of the executive committee of the Orange County network of Tech Coast Angels, a leading angel investing group. He is also a managing director of Venture Farm LLC, an early stage venture capital firm, and as a Venture Partner of K5 Launch, an Orange County accelerator. Mr. Block received his B.A. cum laude in Russian Studies from Yale University and his law degree from Harvard Law School. The Nominating and Corporate Governance Committee believes that Mr. Block's experience as the chief legal officer of one of the world's leading flavor and fragrance companies contributes to the Board's understanding of the flavor industry, including the Board's perspective on the strategic interests of potential collaborators, the regulation of the industry, and the viability of various commercial strategies. In addition, Mr. Block's experience in the area of corporate governance and public company financial reporting is especially valuable to the

Board in his capacity as a member of both the Audit Committee and the Compensation Committee.

Table of Contents

Reid Dabney, 62, has served as a director of the Company and has chaired the Audit Committee since October 2007. Mr. Dabney is the Company's audit committee financial expert. Since September 2012, he has also served as a managing director of Merriman Capital, Inc. From November 2008 to September 2012, he has also served as a managing director of Monarch Bay Associates, LLC. From March 2005 to November 2008, Mr. Dabney served as Cecors, Inc.'s (OTC Markets: CEOS) (a Software As A Service (SaaS) technology provider's) senior vice president and chief financial officer. From July 2003 to November 2005, Mr. Dabney was engaged by CFO911 as a business and financial consultant. From January 2003 to August 2004, Mr. Dabney served as vice president of National Securities, a broker-dealer firm specializing in raising equity for private operating businesses that have agreed to become public companies through reverse merger transactions with publicly traded shell companies. From June 2002 to January 2003, Mr. Dabney was the chief financial officer of House Ear Institute in Los Angeles, California. Mr. Dabney received a B.A. from Claremont McKenna College and an M.B.A. in Finance from the University of Pennsylvania's Wharton School. Mr. Dabney also holds Series 7, 24 and 63 licenses from the Financial Industry Regulatory Authority (FINRA). The Nominating and Corporate Governance Committee believes that Mr. Dabney's experience as chief financial officer of a public company and his extensive experience dealing with financial markets qualify him to chair the Audit Committee and that Mr. Dabney brings financial, merger and acquisition experience, and a background working with public marketplaces to the Board.

Hugh Dunkerley, 40, has served as a director of the Company since December 2005 and has served on the Compensation Committee since May 2010 and has served on the Nominating and Governance Committee from October 2007 to December 2013. From October 2002 to December 2005, Mr. Dunkerley served as Director of Corporate Development at ChromaDex. Since September 2013, Mr. Dunkerley has been a Managing Director of Burnham Securities Inc, a New York based investment bank, and has been setting up their new operations in Irvine, CA. Prior to Burnham, Mr. Dunkerley was an EVP, Capital Markets of COR Capital LLC, an investment fund based in Santa Monica, CA. He is a director and sits on the compensation committee for COR Securities Holdings, Inc., the parent company of COR Clearing LLC, a national clearing and settlements firm. Mr. Dunkerley is also the President and Director of Wealth Assurance Holdings a Bermudian based and listed company that oversees a portfolio of insurance assets in the EU. Mr. Dunkerley was a Manager of Capital Markets for the FDIC, Division of Resolutions and Receiverships, from February 2009 to March 2011 where he was active in implementing the Dodd-Frank Wall Street Reform Act, along with the oversight of securities and derivatives portfolios for large money center banks. He was president and chief executive officer of Cecors, Inc. (OTCBB:CEOS.OB), a Software As A Service (SaaS) technology provider, from October, 2007 to February, 2009. He had served as Cecor's chief operating officer and as vice president of corporate finance starting in June 2006. During 2006 Mr. Dunkerley also served as VP of Small-Mid Cap Equities at Hunter Wise Financial Group, LLC, specializing in investment banking advisory services to US and EU companies. Mr. Dunkerley received his undergraduate degree from the University of Westminster, London and earned a MBA from South Bank University, London. Mr. Dunkerley also holds Series 7, 24, 66 and 79 licenses from FINRA. The Nominating and Corporate Governance Committee believe that Mr. Dunkerley's experience as the chief executive officer of a public company and his extensive financial market experience qualify him to sit on the Compensation Committee and that Mr. Dunkerley brings financial and mergers and acquisitions experience, and experience with public marketplaces and regulatory oversight to the Board. His previous experience as an employee of the Company also allows him to provide a unique perspective of and extensive knowledge on the industries in which the Company operates.

Table of Contents

Mark S. Germain, 63, is a co-founder of the Company and has served on the Nominating and Corporate Governance since May 2010. He served on the Audit Committee from October 2007 to May 2010, and as Co-Chairman of the Board from February 2000 to May 2010. Mr. Germain has extensive experience as a merchant banker in the biotech and life sciences industries. He has been involved as a founder, director, chairman of the board of directors of, and/or investor in over twenty companies in the biotech field, and assisted many of them in arranging corporate partnerships, acquiring technology, entering into mergers and acquisitions, and executing financings and going public transactions. He was a partner in a New York law firm practicing corporate and securities law until 1986. Between 1986 and 1991, he served businesses in senior executive capacities, including as president of a public company sold in 1991. Mr. Germain is currently a director of the following publicly traded companies: Omnimmune Holdings, Inc. (OTC Markets: OMMH), a biotechnology company, Stem Cell Innovations, Inc. (OTC Markets: SCLL), a cell biology company, Collexis Holdings, Inc. (OTC Markets: CLXS), a developer of semantic search and knowledge discovery software, and Pluristem Therapeutics, Inc. (NASDAQ: PSTI), a bio-therapeutics company. During the past five years, Mr. Germain also served as a board member of two publicly traded companies, Reis, Inc. (NASDAQ: REIS), a commercial real estate market information provider, and Intellect Neurosciences, Inc. (OTC Markets: ILNS), a biopharmaceutical company. He is also a co-founder and director of a number of private companies in the biotechnology field. He graduated from New York University School of Law, Order of the Coif, in 1975. The Nominating and Corporate Governance Committee believes that Mr. Germain’s past experience as the president of a public company and as the board member of other public companies bring financial expertise, industry knowledge, and merger and acquisition experience to the Board.

Glenn L. Halpryn, 53, has served on the Nominating and Corporate Governance Committee since 2010 and has served as Chairman of the Nominating and Corporate Governance Committee from May 2010 to December 2013. Mr. Halpryn has also served on the Audit Committee since May 2010. Mr. Halpryn has been the chief executive officer and a director of Transworld Investment Corporation, a private investment company, since June 2001. Mr. Halpryn currently serves as a director of Castle Brands Inc. (AMEX: ROX), a developer and international marketer of premium branded spirits and served as a director of Sorrento Therapeutics (OTC Markets:SRNE), a biopharmaceutical company until September 2012. Mr. Halpryn served as a director of Tiger Media Inc. f/k/a SearchMedia Holdings Limited (NYSE:IDI), a China-based billboard and in-elevator advertising company until June 2011. From April 2010 until October 2011, Mr. Halpryn served as a director of CDSI Holdings, Inc., a public shell company seeking new business opportunities. From September 2008 until May 2010, Mr. Halpryn also served as a director of Winston Pharmaceuticals, Inc. (OTC Markets: WPHM), a pharmaceutical company specializing in skin creams and pain medications. From October 2002 to September 2008, Mr. Halpryn served as a director of Ivax Diagnostics, Inc. (AMEX: IVD). From June 1987 until April 2012, Mr. Halpryn served as the president of and a beneficial owner of United Security Corporation, a broker-dealer registered with FINRA. The Nominating and Corporate Governance Committee believes that Mr. Halpryn’s past experience as the board member of other public companies bring financial expertise and industry knowledge to the Board.

Stephen Allen, 64, has been a director of the Company since January 2014 and Chair of the Nominating and Corporate Governance Committee and a member of the Compensation Committee since January 2014. Until 2009, Mr. Allen worked for Nestlé, at which point he retired from a 30 year career where he served in various sales, marketing and management roles, including 7 years serving in Nestlé’s Mergers and Acquisitions department. Until 2012, Mr. Allen served on the Advisory Board of Vitamin Angels, an organization focused on eliminating childhood malnutrition in Africa and the Middle East. Currently, Mr. Allen serves as the non-executive Vice Chairman of 6 Pacific group, a Los Angeles based boutique advisory and investment firm. Mr. Allen also serves as the Managing Partner of California Agricultural Orchards LLC and California Nut Orchards LLC which, along with growing almonds and grapes, manages the assets of high net-worth individuals. Mr. Allen also serves as the President of the Board of the North American Foundation for the University of Leeds where Mr. Allen plays a key role in fundraising efforts. Mr. Allen received his B.Sc. with honors from the University of Leeds and his M.Sc. at the University of London, School of Hygiene & Tropical Medicine. The Nominating and Corporate Governance Committee believes that Mr. Allen’s past experience in the nutritional industry bring financial expertise, industry knowledge, and merger and acquisition experience to the Board.

Table of Contents

Executive Officers

Thomas C. Varvaro, 44, has served as the Company's Chief Financial Officer since January 2004 and Secretary since March 2006. He also served as a director from March 2006 until May 2010. Mr. Varvaro is responsible for overseeing all of Company's operations including all aspects of accounting, information technology, inventory, distribution, and human resources management. Mr. Varvaro has extensive process mapping and business process improvement skills, along with a solid information technology background that includes management and implementation experiences ranging from custom application design to enterprise wide system deployment. Mr. Varvaro also has hands-on experience in integrating acquisitions and in new facility startups. In working with manufacturing organizations Mr. Varvaro has overseen plant automation, reporting and bar code tracking implementations. Mr. Varvaro also has broad legal experience in intellectual property (IP), contract and employment law. From 1998 to 2004, Mr. Varvaro was employed by Fast Heat Inc., a Chicago, Illinois based Global supplier to the plastics, HVAC, packaging, and food processing industries, where he began as controller and was promoted to chief information officer and then chief financial officer during his tenure. During his time there Mr. Varvaro was responsible for all financial matters including accounting, risk management and human resources. From 1993 to 1998, Mr. Varvaro was employed by Leaf Bakery, Inc., Chicago, Illinois, during its rise to becoming a national leader in specialty products. During his tenure Mr. Varvaro served in information technology and accounting roles, helping to shepherd the company from a single facility to national leader in specialty food products. Mr. Varvaro has a B.S. in Accounting from University of Illinois, Urbana-Champaign and has been certified as a Certified Public Accountant.

Troy Rhonemus, 41, has served as the Company's Chief Operating Officer since March 2014 and a Director of New Technology and Supply Chain from January 2013 to February 2014. Mr. Rhonemus is responsible for overseeing all of Company's operations including all aspects of sales, marketing, supply chain management, distribution, and new technology development. Mr. Rhonemus also consults with customers to improve the supply chain management of raw materials to meet government regulations, which includes developing supply chain strategies, auditing manufacturers and developing an understanding of how to manage supplies from countries outside the Unites State. Mr. Rhonemus has extensive experience in managing operations and supply chain, business strategies, and the roll-out of new processes, technologies and products. From 2006 to 2012, Mr. Rhonemus held several positions at Cargill, Inc. As Truvia® Business Process Manager, he served as the product line lead for managing the operations and supply chain of the Truvia® enterprise from leaf to consumer products. As Technology Manger, Mr. Rhonemus served as technical lead for process and product development for Truvia® consumer products and ingredient business. From 2004 to 2006, Mr. Rhonemus served as Principal Research Scientist at E&J Gallo Winery, where he developed experimental designs to ensure that all project work was statistically valid in the lab, pilot and production wineries. From 1998 to 2004, Mr. Rhonemus served as Senior Research Scientist and as Process Technology Manager at Cargill, Inc. In these positions, Mr. Rhonemus solved technical problems and implemented new technologies into production. He identified potential tolling facilities, coordinated tolling efforts, directly supervised and developed new processes and solved technical issues in existing business units in Cargill. Mr. Rhonemus has earned a M.S. in Chemistry and a B.S. in Chemistry from Ball State University.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16 of the Exchange Act of 1934, as amended (the "Exchange Act") requires our executive officers, directors and persons who own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC and to furnish us with copies of such reports. Based solely on our review of the copies of such forms furnished to us and written representations by our officers and directors regarding their compliance with applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that all Section 16(a) filing requirements for our executive officers, directors and 10% stockholders were met during the year ended December 28, 2013 except as follows: Barry Honig was late in filing two reports for two transactions.

Family Relationships

There are no family relationships between any of our directors, executive officers or directors.

Table of Contents

Involvement in Certain Legal Proceedings

During the past ten years, none of our officers, directors, promoters or control persons have been involved in any legal proceedings as described in Item 401(f) of Regulation S-K.

Code of Conduct

The Board has established a corporate Code of Conduct which qualifies as a "code of ethics" as defined by Item 406 of Regulation S-K of the Exchange Act. Among other matters, the Code of Conduct is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the Code of Conduct to appropriate persons identified in the code; and
- accountability for adherence to the Code of Conduct.

Waivers to the Code of Conduct may be granted only by the Board. In the event that the Board grants any waivers of the elements listed above to any of our officers, we expect to announce the waiver within four business days on a Current Report on Form 8-K.

The Code of Conduct applies to all of the Company's employees, including our principal executive officer, the principal financial and accounting officer, and all employees who perform these functions. A full text of our Code of Conduct is published on our website at www.chromadex.com under the tab "Investor Relations-Corporate Governance-Highlights." If we amend our Code of Conduct as it applies to the principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions) or grant a waiver from any provision of the code of conduct to any such person, we shall disclose such amendment or waiver on our website at www.chromadex.com under the tab "Investor Relations-Corporate Governance-Highlights."

Public Availability of Corporate Governance Documents

Our key corporate governance documents, including our Code of Conduct and the charters of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are:

- available on our corporate website at www.chromadex.com; and
- available in print to any stockholder who requests them from our corporate secretary.

Director Attendance

The Board held 3 meetings during 2013. Each director attended at least 75% of Board meetings and meetings of the committees on which he served.

Table of Contents

Board Qualification and Selection Process

The Nominating and Corporate Governance Committee does not have a specific written policy or process regarding the nominations of directors, nor does it maintain minimum standards for director nominees. However, the Nominating and Corporate Governance Committee does consider the knowledge, experience, integrity and judgment of potential candidates for nominations to the Board. The Nominating and Corporate Governance Committee will consider persons recommended by stockholders for nomination for election as directors. The Nominating and Corporate Governance Committee will consider and evaluate a director candidate recommended by a stockholder in the same manner as a committee-recommended nominee. Stockholders wishing to recommend director candidates must follow the prior notice requirements as described under "Stockholder Proposals," below.

Board Leadership Structure and Risk Oversight

The leadership of the Board is structured so that it is led by two non-executive co-chairmen, Michael H. Brauser and Barry Honig. The Nominating and Corporate Governance Committee believes it is in the best interest of the Company to have two independent directors as co-chairmen of the Board considering past experience of Mr. Brauser and Mr. Honig, which include serving as co-chairmen of the board of directors of another public company and extensive business and management expertise in emerging growth companies.

The entire Board of Directors is responsible for oversight of our Company's risk management process. Management furnishes information regarding risk to the Board as requested. The Audit Committee discusses risk management with the Company's management and independent public accountants as set forth in the Audit Committee's charter. The Compensation Committee reviews the compensation programs of the Company to make sure economic incentives are tied to the long-term interests of the stockholders. The Company believes that innovation and the building of long-term stockholder value are impossible without taking risks. We recognize that imprudent acceptance of risk and the failure to identify risks could be a detriment to stockholder value. The executive officers of the Company are responsible for assessing these risks on a day-to-day basis and for how to best identify, manage and mitigate significant risks that the Company may face.

Board Committees

The Board has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Other committees may be established by the Board from time to time. The following is a description of each of the committees and their composition

Audit Committee

Our Audit Committee currently consists of three directors: Messrs. Reid Dabney (chairman), Stephen Block and Glenn L. Halpryn. The Board has determined that:

- Mr. Dabney qualifies as an "audit committee financial expert," as defined by the SEC in Item 407(d)(5) of Regulation S-K; and

- all members of the Audit Committee (i) are "independent" under the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc., (ii) meet the criteria for independence as set forth in the Exchange Act, (iii) have not participated in the preparation of our financial statements at any time during the past three years and (iv) are financially literate and have accounting and finance experience.

The designation of Mr. Dabney as an “audit committee financial expert” will not impose on him any duties, obligations or liability that are greater than those that are generally imposed on him as a member of our Audit Committee and our Board, and his designation as an “audit committee financial expert” will not affect the duties, obligations or liability of any other member of our Audit Committee or Board.

Table of Contents

Audit Committee Report

The Audit Committee reviews our financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process. Our independent registered public accounting firm is responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles.

In this context, the Audit Committee has reviewed and discussed with management our audited consolidated financial statements for the fiscal year ended December 28, 2013 (our 2013 fiscal year) and the notes thereto. It has discussed with Marcum, LLP, our independent registered public accounting firm for the 2013 fiscal year, the matters required to be discussed by Statement of Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee also received the written disclosures and the letter from Marcum, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Marcum's communications by the Audit Committee concerning independence and discussed with Marcum, LLP its independence from us. Based on such review and discussions, the Audit Committee recommended to the Board that our audited consolidated financial statements be included in this Annual Report on Form 10-K for the fiscal year ended December 28, 2013 and be filed with the SEC.

Submitted by:

The Audit Committee Of
The Board of Directors

Reid Dabney (Chairman)
Stephen Block
Glenn L. Halpryn

Compensation Committee

Our Compensation Committee currently consists of three directors: Messrs. Stephen Block (chairman), Hugh Dunkerley and Stephen Allen. The Board has determined that:

- all members of the Compensation Committee qualify as "independent" under the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc.;

- all members of the Compensation Committee qualify as "non-employee directors" under Exchange Act Rule 16b-3; and

- all members of the Compensation Committee qualify as "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee currently consists of three directors: Stephen Allen (chairman), Glenn L. Halpryn and Mark Germain. The Board has determined that all members of the Nominating and Corporate Governance Committee qualify as "independent" under the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc.

Table of Contents

Item 11. Executive Compensation

Compensation Committee Report

Under the rules of the SEC, this Compensation Committee Report is not deemed to be incorporated by reference by any general statement incorporating this Annual Report by reference into any filings with the SEC.

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on this review and these discussions, the Compensation Committee recommended to the Board of Directors that the following Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Submitted by the Compensation Committee

Stephen A. Block, Chairman

Hugh Dunkerley

Stephen Allen

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers for 2013 should be read together with the compensation tables and related disclosures set forth below.

We believe our success depends on the continued contributions of our named executive officers. Personal relationships and experience are very important in our industry. Our named executive officers are primarily responsible for many of our critical business development relationships. The maintenance of these relationships is critical to ensuring our future success as is experience in managing these relationships. Therefore, it is important to our success that we retain the services of these individuals.

General Philosophy

Our overall compensation philosophy is to provide an executive compensation package that enables us to attract, retain and motivate executive officers to achieve our short-term and long-term business goals. The goals of our compensation program are to align remuneration with business objectives and performance, and to enable us to retain and competitively reward executive officers who contribute to the long-term success of the Company. We attempt to pay our executive officers competitively in order that we will be able to retain the most capable people in the industry. In making executive compensation and other employment compensation decisions, the Compensation Committee considers achievement of certain criteria, some of which relate to our performance and others of which relate to the performance of the individual employee. Awards to executive officers are based on achievement of Company and individual performance criteria.

The Compensation Committee will evaluate our compensation policies on an ongoing basis to determine whether they enable us to attract, retain and motivate key personnel. To meet these objectives, the Compensation Committee may from time to time increase salaries, award additional stock grants or provide other short and long-term incentive compensation to executive officers and other employees.

Compensation Program and Forms of Compensation

We provide our executive officers with a compensation package consisting of base salary, bonus, equity incentives and participation in benefit plans generally available to other employees. In setting total compensation, the Compensation Committee considers individual and company performance, as well as market information regarding compensation paid by other companies in our industry. All executive officers have employment agreements that establish their initial base salaries and set pre-approved goals -- and minimum and maximum opportunities -- for the bonuses and equity incentive awards. Both the Compensation Committee and the Board have approved these agreements.

Table of Contents

Base Salary. Salaries for our executive officers are initially set based on negotiation with individual executive officers at the time of recruitment and with reference to salaries for comparable positions in the industry for individuals of similar education and background to the executive officers being recruited. We also consider the individual's experience, reputation in his or her industry and expected contributions to the Company. Base salary is regularly evaluated by competitive pay and individual job performance. In each case, we take into account the results achieved by the executive, his or her future potential, scope of responsibilities and experience, and competitive salary practices. In some circumstances our executive officers have elected to take less than market salaries. These salaries may be increased in the future to market conditions with a competitive base salary that is in line with his or her role and responsibilities when compared to peer companies of comparable size in similar locations.

Bonuses. We design our bonus programs to be both affordable and competitive in relation to the market. Our bonus program is designed to motivate employees to achieve overall corporate goals. Our programs are designed to avoid entitlements, to align actual payouts with the actual results achieved and to be easy to understand and administer. The Compensation Committee and the executive officer, with input from the other executive officers, work together to identify targets and goals for the executive officer; however, the targets and goals themselves are established after deliberation by the Compensation Committee alone. Upon completion of the fiscal year, the Compensation Committee assesses the executive officer's performance and, with input from management and the Board, determines the achievement of the bonus targets and the amount to be awarded within the parameters of the executive officer's agreement with us subject to the impact paying such bonuses will have on the Company's financial position.

Equity-Based Rewards

We design our equity programs to be both affordable and competitive in relation to the market. We monitor the market and applicable accounting, corporate, securities and tax laws and regulations and adjust our equity programs as needed. Stock options and other forms of equity compensation are designed to reflect and reward a high level of sustained individual performance over time. We design our equity programs to align employees' interests with those of our stockholders. The Compensation Committee and the executive officer, with input from the other executive officers, work together to identify targets and goals for the executive officer; however, the targets and goals themselves are established after deliberation by the Compensation Committee alone. Upon completion of the fiscal year, the Compensation Committee assesses the executive officer's performance and, with input from management and the Board, determines the achievement of the vesting targets and the amount to be awarded within the parameters of the executive officer's agreement with us.

Timing of Equity Awards

Only the Board may approve stock option grants to our executive officers, which grants are recommended to it by the Compensation Committee. Stock options are generally granted at predetermined meetings of the Board. On limited occasions, grants may occur upon unanimous written consent of the Board, which occurs primarily for the purpose of approving a compensation package for a newly hired or promoted executive under an employment agreement with the executive. The exercise price of a newly granted option is the average price of our common stock on the date of grant.

Benefits Programs

We design our benefits programs to be both affordable and competitive in relation to the market while conforming to local laws and practices. We monitor the market, local laws and practices and adjust our benefits programs as needed. We design our benefits programs to provide an element of core benefits, and to the extent possible, offer options for additional benefits, be tax-effective for employees in each country and balance costs and cost sharing between us and our employees.

Table of Contents

Performance-Based Compensation and Financial Restatement

We have implemented a policy regarding retroactive adjustments to any cash or equity-based incentive compensation paid to our executives where such payments were predicated upon the achievement of certain financial results that were subsequently the subject of a financial restatement and have included this policy in the employment contracts with our executives.

Tax and Accounting Considerations

In the review and establishment of our compensation programs, we consider the anticipated accounting and tax implications to us and our executives. Section 162(m) of the Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to our chief executive officer and each of our next four most highly compensated executive officers, unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Code, is fully deductible if the programs are approved by stockholders and meet other requirements. We believe that grants of equity awards under our Second Amended and Restated 2007 Equity Incentive Plan, or the 2007 Plan, may qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thereby permitting us to receive a federal income tax deduction, if applicable, in connection with such awards. In general, we have determined that we will not seek to limit executive compensation so that it is deductible under Section 162(m). From time to time, however, we monitor whether it might be in our interests to structure our compensation programs to satisfy the requirements of Section 162(m). We seek to maintain flexibility in compensating our executives in a manner designed to promote our corporate goals and therefore our compensation committee has not adopted a policy requiring all compensation to be deductible. Our compensation committee will continue to assess the impact of Section 162(m) on our compensation practices and determine what further action, if any, is appropriate.

Severance and Change in Control Arrangements

Several of our executives have employment and other agreements that provide for severance payment arrangements and/or acceleration of stock option vesting in the event of an acquisition or other change in control of our company. See "Employment and Consulting Agreements" below for a description of the severance and change in control arrangements for our named executive officers.

Role of Executives in Executive Compensation Decisions

The Board and our Compensation Committee generally seek input from our executive officers when discussing the performance of, and compensation levels for, executives. The Compensation Committee also works with our Chief Executive Officer and our Chief Financial Officer to evaluate the financial, accounting, tax and retention implications of our various compensation programs. None of our other executives participates in deliberations relating to his or her compensation.

Table of Contents

Summary Compensation Table

The following table sets forth information concerning the annual and long-term compensation earned by our Chief Executive Officer (the principal executive officer) and our Chief Financial Officer (the principal financial officer), each of whom served during the year ended December 28, 2013 as our executive officers.

Name	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	All Other Compensation	Total ($)
Frank L. Jaksch Jr.	2013	$225,000	$51,242	-	-	-	$276,242
	2012	$225,000	-	$172,500 (3)	$648,048 (4)	$ 149	$1,045,697
Thomas C. Varvaro	2013	$175,000	$29,891	-	-	-	$204,891
	2012	$175,000	-	$172,500 (5)	$125,702 (6)	-	$473,202

(1) The amounts in the column titled "Stock Awards" above reflect the aggregate award date fair value of restricted stock awards. These restricted stock awards had both market and service conditions and the awards became vested on the satisfaction of either condition. The fair values of these restricted stock awards were estimated at the date of award using the Company's stock price as the service condition prevailed over the market condition.

(2) The amounts in the column titled "Option Awards" above reflect the aggregate grant date fair value of stock option awards for the fiscal year ended December 29, 2012. See Note 9 of the ChromaDex Corporation Consolidated Financial Report included in this Form 10-K for the year ended December 28, 2013 for a description of certain assumptions in the calculation of the fair value of the Company's stock options.

(3) On June 6, 2012, Frank L. Jaksch Jr. was awarded 250,000 shares of restricted stock. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of Mr. Jaksch for any reason. As of December 28, 2013, these shares have not vested.

(4) On August 28, 2012, Frank L. Jaksch Jr. was granted options to purchase 250,000 shares of ChromaDex common stock at an exercise price of $0.64. These options expire on August 28, 2022 and 25% of the options vested on August 28, 2013 and the remaining 75% vest 2.083% monthly thereafter. In addition, on September 15, 2012, Frank L. Jaksch Jr. was granted option awards to purchase certain number of shares of ChromaDex common stock at an exercise price of $0.945, on the condition that Mr. Jaksch terminates certain option awards with exercise prices of $1.50 or higher, which the Company had previously granted. Mr. Jaksch agreed to terminate previously granted options to purchase 3,075,000 shares of ChromaDex common stock at exercise prices of $1.50 or higher and was newly awarded with options to purchase 1,901,418 shares of ChromaDex common stock at an exercise price of $0.945. These options expire on September 15, 2022, and 33% of the options vested on September 15, 2013 and the remaining 67% vest 2.778% monthly thereafter.

(5) On June 6, 2012, Thomas C. Varvaro was awarded 250,000 shares of restricted stock. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of Mr. Varvaro for any reason. As of December 28, 2013, these shares have not vested.

(6)

On August 28, 2012, Thomas C. Varvaro was granted options to purchase 250,000 shares of ChromaDex common stock at an exercise price of $0.64. These options expire on August 28, 2022 and 25% of the options vested on August 28, 2013 and the remaining 75% vest 2.083% monthly thereafter. In addition, on September 15, 2012, Thomas C. Varvaro was granted option awards to purchase certain number of shares of ChromaDex common stock at an exercise price of $0.945, on the condition that Mr. Varvaro terminates certain option awards with exercise prices of $1.50 or higher, which the Company had previously granted. Mr. Varvaro agreed to terminate previously granted options to purchase 1,387,512 shares of ChromaDex common stock at exercise prices of $1.50 or higher and was newly awarded with options to purchase 863,511 shares of ChromaDex common stock at an exercise price of $0.945. These options expire on September 15, 2022, and 33% of the options vested on September 15, 2013 and the remaining 67% vest 2.778% monthly thereafter.

Table of Contents

Employment and Consulting Agreements

The material terms of employment agreements with the named executive officers previously entered into by the Company are described below.

Employment Agreement with Frank L. Jaksch Jr.

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the "Amended Jaksch Agreement") with Frank L. Jaksch Jr. The Amended Jaksch Agreement has a three year term, beginning on the date of the Agreement, that automatically renews unless the Amended Jaksch Agreement is terminated in accordance with its terms. The Amended Jaksch Agreement provides for a base salary of $225,000 (subject to an increase of $50,000 in the event the Company's common stock is listed on a stock exchange), and provides for an annual cash bonus (based on performance targets) of up to 40% of his base salary, and two option grants of 800,000 shares of Common Stock in aggregate. The option grants were awarded on May 20, 2010.

On January 2, 2014, the Board approved the recommendations of the Company's Compensation Committee raising the annual base salary of Mr. Jaksch to $275,000 per year and raising the annual cash bonus target for Mr. Jaksch up to 50% of his base salary. In addition, the Board approved granting 250,000 shares of the Company's restricted stock, subject to certain vesting provisions to Mr. Jaksch.

The severance terms of the Amended Jaksch Agreement provide that in the event Mr. Jaksch's employment with the Company is terminated voluntarily by Mr. Jaksch, he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 50% of his salary (50% of his salary being the "Maximum Annual Bonus") for the year of termination. In addition, if Mr. Jaksch leaves the Company for "Good Reason" he will also be entitled to severance equal to the Maximum Annual Bonus, and he will be deemed to have been employed for the entirety of such year. "Good Reason" means any of the following: (A) the assignment of duties materially inconsistent with those of other employees in similar employment positions, and Mr. Jaksch provides written notice to the Company within 60 days of such assignment that such duties are materially inconsistent with those duties of such similarly-situated employees and the Company fails to release Mr. Jaksch from his obligation to perform such inconsistent duties and to re-assign Mr. Jaksch to his customary duties within 20 business days after the Company's receipt of such notice; or (B) if, without the consent of Mr. Jaksch, Mr. Jaksch's normal place of work is or becomes situated more than 50 linear miles from Mr. Jaksch's personal residence as of the effective date of the Amended Jaksch Agreement, or (C) a failure by the Company to comply with any other material provision of the Amended Jaksch Agreement which has not been cured within 60 days after notice of such noncompliance has been given by Mr. Jaksch to the Company, or if such failure is not capable of being cured in such time, a cure shall not have been diligently pursued by the Company within such 60 day period. Severance will then consist of 16 weeks of paid salary, unless Mr. Jaksch signs a release, in which case he will receive compensation equal to the lesser of the remainder of the term of the agreement, or up to 12 months paid salary.

In the event Mr. Jaksch's employment terminates as a result of his death or disability, he, or his estate, as the case may be, will be entitled to his accrued but unpaid base salary, stock vested through the date of his termination and, notwithstanding any policy of the Company to the contrary, any annual bonus that would be due to him for the fiscal year in which termination pursuant to death or disability took place in an amount no less than the prorated portion of his Maximum Annual Bonus. At the option of the Board, Mr. Jaksch's bonus will be either prorated or paid in full to him, or his estate, as the case may be, at the time he would have received such bonus had he remained an employee of the Company.

In the event that Mr. Jaksch is terminated by the Company for "Cause" (as defined in the Amended Jaksch Agreement), he will only be entitled to his accrued but unpaid base salary, and any stock vested through the date of his termination.

In the event that Mr. Jaksch is terminated due to “Cessation of Business” (as defined in the Amended Jaksch Agreement), Mr. Jaksch will be entitled to a lump sum payment of base salary and an amount equal to the Maximum Annual Bonus, and continuation of health benefits until the earlier of the last to occur of the term or renewal term of the agreement or 12 months from the date of termination.

Table of Contents

In the event the Company terminates Mr. Jaksch's employment "without Cause", Mr. Jaksch will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Jaksch enters into a standard separation agreement, Mr. Jaksch will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided to other executive employees until the last to occur of the expiration of the term or renewal term then in effect or 24 months from the date of termination (the "Severance Period"), and he will receive his Maximum Annual Bonus if the Severance Period is equal to 24 months or a pro rata portion thereof if less, as well as the full vesting of any otherwise unvested stock.

Employment Agreement with Thomas C. Varvaro

On April 19, 2010, the Company entered into an Amended and Restated Employment Agreement (the "Amended Varvaro Agreement") with Thomas C. Varvaro. The Amended Varvaro Agreement has a three year term beginning on the date of the agreement that automatically renews unless the Amended Varvaro Agreement is terminated in accordance with its terms. The Amended Varvaro Agreement provides for a base salary of $175,000 (subject to an increase of $50,000 in the event the Company's common stock is listed on a stock exchange), and provides for an annual cash bonus (based on performance targets) of up to 30% of his base salary, and provides for two option grants of 400,000 shares of Common Stock in aggregate. The option grants were awarded on May 20, 2010.

On January 2, 2014, the Board approved the recommendations of the Company's Compensation Committee raising the annual base salary of Mr. Varvaro to $225,000 per year and raising the annual cash bonus target for Mr. Varvaro up to 40% of his base salary. In addition, the Board approved granting 250,000 shares of the Company's restricted stock, subject to certain vesting provisions to Mr. Varvaro.

The severance terms of the Amended Varvaro Agreement provide that in the event Mr. Varvaro's employment with us is terminated voluntarily by Mr. Varvaro he will be entitled to any accrued but unpaid base salary, any stock vested through the date of his termination and a pro-rated portion of 40% of his salary (40% of this salary being the "Maximum Annual Bonus") for the year of termination. In addition, if Mr. Varvaro leaves the Company for Good Reason he will also be entitled to severance equal to the Maximum Annual Bonus, and he shall be deemed to have been employed for the entirety of such year. "Good Reason" means any of the following: (A) the assignment of duties materially inconsistent with those of other employees in similar employment positions, and Mr. Varvaro provides written notice to the Company within 60 days of such assignment that such duties are materially inconsistent with those duties of such similarly-situated employees and the Company fails to release Mr. Varvaro from his obligation to perform such inconsistent duties and to re-assign Mr. Varvaro to his customary duties within 20 business days after the Company's receipt of such notice; or (B) the termination of Frank Jaksch as the Company's Chief Executive Officer either by the Company without "Cause" or by the Mr. Jaksch for "Good Reason," and Mr. Varvaro provides written notice within 60 days of such termination, or (C) a failure by the Company to comply with any other material provision of the Amended Varvaro Agreement which has not been cured within 60 days after notice of such noncompliance has been given by Mr. Varvaro to the Company, or if such failure is not capable of being cured in such time, a cure will not have been diligently pursued by the Company within such 60 day period. Severance will then consist of 16 weeks of paid salary, unless Mr. Varvaro signs a release, in which case he will receive compensation equal to the lesser of the remainder of his agreement or 12 months paid salary.

In the event Mr. Varvaro is terminated as a result of his death or disability he will be entitled to his accrued but unpaid base salary, stock vested through the date of his termination and, notwithstanding any policy of the Company to the contrary, any annual bonus that would be due to him for the fiscal year in which termination pursuant to death or disability took place in an amount no less than the prorated portion of his Maximum Annual Bonus. Mr. Varvaro's bonus will be either prorated or paid in full to him, or his estate, as the case may be, at the time he would have received such bonus had he remained an employee of the Company.

In the event that Mr. Varvaro is terminated by the Company for “Cause” (as defined in the Amended Varvaro Agreement), he will only be entitled to his accrued but unpaid base salary, and any stock vested through the date of his termination.

Table of Contents

In the event that Mr. Varvaro is terminated due to a “Cessation of Business” (as defined in the Amended Varvaro Agreement), Mr. Varvaro will be entitled to a lump sum payment of base salary and an amount equal to the Maximum Annual Bonus, and continuation of health benefits until the last to occur of the term or renewal term of the agreement or 12 months from the date of termination.

In the event the Company terminates Mr. Varvaro’s employment “without Cause,” Mr. Varvaro will be entitled to severance in the form of any stock vested through the date of his termination and continuation of his base salary for a period of eight weeks, or, if Mr. Varvaro enters into a standard separation agreement, Mr. Varvaro will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided to other executive employees until the last to occur of the expiration of the term or renewal term then in effect or 24 months from the date of termination (the “Severance Period”), will receive his Maximum Annual Bonus if the Severance Period is equal to 24 months or a pro rata portion thereof if less, as well as the full vesting of any otherwise unvested stock.

Employment Agreement with Troy Rhonemus

On March 6, 2014, the Company entered into an Employment Agreement (the “Rhonemus Agreement”) with Troy Rhonemus. The Rhonemus Agreement has a one year term beginning on the date of the agreement that automatically renews unless the Rhonemus Agreement is terminated in accordance with its terms. The Rhonemus Agreement provides for a base salary of $180,000, and provides for an annual cash bonus (based on performance targets) of up to 30% of his base salary (30% of this salary being the “Maximum Annual Bonus”), and provides for option grants of 250,000 shares of Common Stock. The option grants were awarded on February 21, 2014.

The severance terms of the Rhonemus Agreement provide that in the event Mr. Rhonemus’ employment with us is terminated voluntarily by Mr. Rhonemus, he will be entitled to any accrued but unpaid base salary and any accrued but unpaid welfare and retirement benefits. In addition, if Mr. Rhonemus leaves the Company for Good Reason he will also be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary. “Good Reason” means a failure by the Company to comply with any other material provision of the Rhonemus Agreement which has not been cured within 60 days after notice of such failure has been given by Mr. Rhonemus to the Company, or if such failure is not capable of being cured in such time, a cure will not have been diligently pursued by the Company within such 60 day period.

In the event Mr. Rhonemus is terminated as a result of his death or disability he will be entitled to his accrued but unpaid base salary, and, notwithstanding any policy of the Company to the contrary, any annual bonus that would be due to him for the fiscal year in which termination pursuant to death or disability occurs will be prorated to Mr. Rhonemus (or his estate, as the case may be) at the time Mr. Rhonemus would have received such bonus had he remained an employee of the Company.

In the event that Mr. Rhonemus is terminated by the Company for “Cause” (as defined in the Rhonemus Agreement), he will only be entitled to his accrued but unpaid base salary, and any accrued but unpaid welfare and retirement benefits.

In the event that Mr. Rhonemus is terminated due to a “Cessation of Business” (as defined in the Rhonemus Agreement), Mr. Rhonemus will be entitled to a lump sum payment of (i) base salary until the last to occur of (A) the expiration of the remaining portion of the initial term or the then applicable renewal term, as the case may be, or (B) the expiration of the 12-month period commencing on the date Employee is terminated, and (ii) the Maximum Annual Bonus.

In the event the Company terminates Mr. Rhonemus’ employment “without Cause,” Mr. Rhonemus will be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary, or, if Mr. Rhonemus enters into a standard separation agreement, Mr. Rhonemus will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided until the expiration of the term or renewal term then in effect, however, that in the case of medical and dental insurance, until the expiration of 12 months from the date of termination.

Table of Contents

2013 Director Compensation

From time to time, non-employee directors receive a stock award or a grant of options to buy our common stock. These stock awards and options are granted under the Second Amended and Restated 2007 Equity Incentive Plan of the Company, or the 2007 Plan. The number shares awarded or the number of options granted and the vesting conditions are determined by the Compensation Committee of the Board of Directors. During the year ended December 28, 2013, the non-employee directors did not receive a stock award or a grant of options to buy our common stock.

Subsequent to the year ended December 28, 2013, the Company awarded shares of the Company's restricted stock, subject to certain vesting provisions, to the Company's independent members of the board of directors as follows: Michael H. Brauser 250,000 shares; Barry Honig 250,000 shares, Stephen Block 50,000 shares, Reid Dabney 10,000 shares; Hugh Dunkerley 10,000 shares; Mark S. Germain 10,000 shares; and Glenn L. Halpryn 10,000 shares.

The following table provides information concerning compensation of our directors who were directors for the fiscal year ended December 28, 2013. For the fiscal year ended December 28, 2013, the Company did not provide compensations to directors.

Summary Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Michael H. Brauser(1)	-	-	-	-	-	-	-
Barry Honig(2)	-	-	-	-	-	-	-
Stephen Block(3)	-	-	-	-	-	-	-
Reid Dabney(4)	-	-	-	-	-	-	-
Hugh Dunkerley(5)	-	-	-	-	-	-	-
Mark S. Germain(6)	-	-	-	-	-	-	-
Glenn L. Halpryn(7)	-	-	-	-	-	-	-
Curtis Lockshin(8)	-	-	-	-	-	-	-
Frank L. Jaksch Jr.(9)	-	-	-	-	-	-	-

(1) Michael H. Brauser held an aggregate of 166,738 option awards as of December 28, 2013.
(2) Barry Honig held an aggregate of 125,000 option awards as of December 28, 2013.
(3) Stephen Block held an aggregate of 444,981 option awards as of December 28, 2013.
(4) Reid Dabney held an aggregate of 550,200 option awards as of December 28, 2013.
(5) Hugh Dunkerley held an aggregate of 418,275 option awards as of December 28, 2013.
(6) Mark S. Germain held an aggregate of 683,524 option awards as of December 28, 2013.
(7) Glenn L. Halpryn held an aggregate of 189,309 option awards as of December 28, 2013.

(8) Curtis Lockshin held an aggregate of 113,151 option awards as of December 28, 2013. On December 31, 2013, Curtis Lockshin resigned from the Board.

(9) Frank L. Jaksch Jr. held an aggregate of 3,626,418 option awards as of December 28, 2013.

Table of Contents

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information regarding stock options and restricted stock granted to our named executive officers outstanding as of December 28, 2013.

Outstanding Stock Options at 2013 Fiscal Year-End

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Frank L. Jaksch Jr.	300,000	—	—	1.50	12/1/2016
	700,000	—	—	1.50	4/21/2018
	150,000	—	—	1.50	4/21/2018
	100,000	—	—	0.50	5/13/2019
	89,583	10,417 (1)	—	1.70	5/20/2020
	80,729	44,271 (2)	—	1.54	5/10/2021
	83,333	166,667(3)	—	0.64	8/28/2022
	792,258	1,109,160(4)	—	0.945	9/15/2022
Thomas C. Varvaro	240,000	—	—	1.00	1/19/2014
	10,000	—	—	1.00	1/19/2014
	250,000	—	—	1.50	12/1/2016
	100,000	—	—	1.50	4/21/2018
	75,000	—	—	0.50	5/13/2019
	336,700	—	—	1.545	5/20/2020
	67,188	7,812 (5)	—	1.545	5/20/2020
	2,769	1,519 (6)	—	1.54	5/10/2021
	66,667	133,333(7)	—	0.64	8/28/2022
	359,796	503,715(8)	—	0.945	9/15/2022

(1) 2,083 of Mr. Jaksch's options vest on 20th of every month through May 20, 2014.
(2) 2,604 of Mr. Jaksch's options vest on 10th of every month through May 10, 2015.
(3) 5,208 of Mr. Jaksch's options vest on 28th of every month through August 28, 2016.
(4) 52,817 of Mr. Jaksch's options vest on 15th of every month September 15, 2015.
(5) 1,563 of Mr. Varvaro's options vest on 20th of every month through May 20, 2014.
(6) 89 of Mr. Varvaro's options vest on 10th of every month through May 10, 2015.
(7) 4,167 of Mr. Varvaro's options vest on 28th of every month through August 28, 2016.
(8) 23,986 of Mr. Varvaro's options vest on 15th of every month through September 15, 2015.

Table of Contents

Outstanding Restricted Stock at 2013 Fiscal Year-End

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares of Units of Stock That Have Not Vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)		Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($) (1)
Frank L. Jaksch Jr.	—	—	250,000	(2)	$ 400,000
Thomas C. Varvaro	—	—	250,000	(3)	$ 400,000

(1) The amounts in the column titled "Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested" above reflect the aggregate market value based on the closing market price of the Company's stock on December 28, 2013.

(2) On June 6, 2012, Frank L. Jaksch Jr. was awarded 250,000 shares of restricted stock. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of Mr. Jaksch for any reason.

(3) On June 6, 2012, Thomas C. Varvaro was awarded 250,000 shares of restricted stock. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of Mr. Varvaro for any reason.

Table of Contents

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

As of March 20, 2014, there were approximately 106,149,101 shares of our common stock outstanding. The following table sets forth certain information regarding our common stock, beneficially owned as of March 20, 2014, by each person known to us to beneficially own more than 5% of our common stock, each executive officer and director, and all directors and executive officers as a group. We calculated beneficial ownership according to Rule 13d-3 of the Exchange Act as of that date. Shares issuable upon exercise of options or warrants that are exercisable or convertible within 60 days after March 20, 2014 are included as beneficially owned by the holder. Beneficial ownership generally includes voting and dispositive power with respect to securities. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole dispositive power with respect to all shares beneficially owned.

Name of Beneficial Owner (1)	Shares of Common Stock Beneficially Owned (2)	Aggregate Percentage Ownership	
Dr. Phillip Frost (3)	15,252,937	14.37	%
Black Sheep, FLP (4)	6,225,155	5.86	%
Directors			
Michael H. Brauser (5)	8,658,088	8.14	%
Barry Honig (6)	8,340,216	7.85	%
Stephen Block (7)	494,981	*	
Reid Dabney (8)	560,200	*	
Hugh Dunkerley (9)	428,275	*	
Mark S. Germain (10)	693,524	*	
Glenn L. Halpryn (11)	1,470,737	1.38	%
Stephen Allen (12)	50,000	*	
Frank L. Jaksch Jr. (13)	10,847,580	9.97	%
Named Executive Officers			
Frank L. Jaksch Jr., Chief Executive Officer	(See above)		
Thomas C. Varvaro, Chief Financial Officer (14)	1,906,478	1.77	%
Troy Rhonemus, Chief Operating Officer (15)	125,000	*	
All directors and executive officers as a group			
(9 Directors plus Chief Financial Officer			
and Chief Operating Officer) (16)	33,575,079	29.74	%

* Represents less than 1%.

(1) Addresses for the beneficial owners listed are: Dr. Phillip Frost, 4400 Biscayne Blvd., Suite 1500, Miami, FL 33137; and Black Sheep, FLP 6 Palm Hill Drive, San Juan Capistrano, CA 92675.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or dispositive power with respect to shares beneficially owned. Unless otherwise specified, reported ownership refers to both voting and dispositive power. Shares of common stock issuable upon the conversion of stock options or the exercise of warrants within the next 60 days are deemed to be converted and beneficially owned by the individual or group identified in the Aggregate Percentage Ownership column.

Table of Contents

(3) Includes 5,852,937 shares of common stock held by Frost Gamma Investments Trust and 9,400,000 shares of common stock held by Phillip and Patricia Frost Philanthropic Foundation, Inc. Dr. Phillip Frost is the trustee of Frost Gamma Investments Trust. Frost Gamma Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation. Dr. Phillip Frost is President of Phillip and Patricia Frost Philanthropic Foundation, Inc. Dr. Frost is a stockholder and chairman of the board of Ladenburg Thalmann Financial Services, Inc. (NYSE:LTS), parent company of Ladenburg Thalmann & Co., Triad Advisors, Inc. and Investacorp Inc., each registered broker-dealers.

(4) Black Sheep, FLP is a family limited partnership the co-general partners of which are Frank L. Jaksch, Jr. and Tricia Jaksch and the sole limited partners of which are Frank L. Jaksch, Jr., Tricia Jaksch and the Jaksch Family Trust.

(5) Direct ownership of (i) 1,143,498 shares of common stock; and (ii) through Michael & Betsy Brauser TBE, 3,626,428 shares of common stock. Indirect ownership through (i) 628,570 Shares held by Grander Holdings, Inc. 401K Profit Sharing Plan of which Mr. Brauser is a trustee; (ii) 342,857 Shares held by the Brauser 2010 GRAT of which Mr. Brauser is a trustee; (iii) 342,857 Shares held by Birchtree Capital, LLC of which Mr. Brauser is the manager; (iv) 1,692,856 Shares held by BMB Holdings, LLLP of which Mr. Brauser is the manager of its general partner; and (v) 714,284 Shares held by Betsy Brauser Third Amended Trust Agreement beneficially owned by Mr. Brauser's spouse which are disclaimed by him. Includes 166,738 stock options exercisable within 60 days.

(6) Direct ownership of 4,824,959 shares of common stock. Indirect ownership includes (i) 230,000 Shares owned by GRQ Consultants, Inc. Defined Benefits Plan for the benefit of Mr. Honig; (ii) 966,786 Shares owned by GRQ Consultants, Inc. 401K of which Mr. Honig is the beneficiary; (iii) 2,103,571 Shares owned by GRQ Consultants Inc. Roth 401K FBO Renee Honig, Mr. Honig's spouse, of which Mr. Honig has voting and investment power and disclaims beneficial ownership; and (iv) 89,900 shares Shares owned by GRQ Consultants, Inc., of which Mr. Honig is the President. Includes 125,000 stock options exercisable within 60 days.

(7) Includes 444,981 stock options exercisable within 60 days.

(8) Includes 550,200 stock options exercisable within 60 days.

(9) Includes 418,275 stock options exercisable within 60 days.

(10) Includes 683,524 stock options exercisable within 60 days. Does not include 2,053,995 shares beneficially owned by Margery Germain, who is Mr. Germain’s wife, as Mr. Germain does not share voting or dispositive control over those shares.

(11) Direct ownership of 10,000 shares of common stock. Indirect ownership through IVC Investors, LLLP (in which Glenn Halpryn has an interest) of 1,271,428 shares of common stock. Glenn Halpryn disclaims beneficial ownership of these shares except to the extent of any pecuniary interest therein. Includes 189,309 stock options exercisable within 60 days.

(12) Includes 50,000 stock options exercisable within 60 days.

(13) Includes 1,429,000 shares owned by the FMJ Family Limited Partnership, beneficially owned by Frank L Jaksch Jr. because Mr. Jaksch Jr. has shared voting power for such shares. Includes 6,225,155 shares owned by Black Sheep, FLP beneficially owned by Mr. Jaksch Jr. because he has shared voting power and shared dispositive

power for such shares. Includes 589,165 shares directly owned by Mr. Jaksch Jr. Includes 2,604,260 stock options exercisable within 60 days.

Table of Contents

(14) Includes 1,402,978 stock options exercisable within 60 days.

(15) Includes 125,000 stock options exercisable within 60 days.

(16) Includes 6,760,265 stock options exercisable within 60 days.

Equity Compensation Plan Information

The following table provides information about our equity compensation plans as of December 28, 2013:

	A	B	C
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	13,160,955	$1.08	6,953,940 (1)
Equity compensation plans not approved by security holders	-	-	-
Total	13,160,955	$1.08	6,953,940 (1)

(1) Pursuant to our Second Amended and Restated 2007 Equity Incentive Plan, we are authorized to issue shares under this plan that total no more than 20% of our shares of common stock issued and outstanding, as determined on a fully diluted basis.

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

Transactions with Related Persons

On February 9, 2012, the Company and Opko Health, Inc. (“OPKO”) entered into a license, supply and distribution agreement. Pursuant to this agreement, the Company has licensed to OPKO certain new product offerings and health care technologies for distribution and business development throughout Latin America. As of December 28, 2013, there were no transactions between the Company and OPKO under this agreement, but the initial products to be commercialized is our proprietary product pterostilbene. On July 10, 2012, the Company and OPKO entered into another agreement, pursuant to which OPKO was retained to serve as management consultant and advisor to the Company. That agreement expired on October 10, 2012. As a consideration for the services, the Company granted OPKO 500,000 shares of its common stock. The fair value of this stock award was $320,000 and was measured using the Company’s stock price on the date of award. The expense was amortized over the three month period which the services had been provided. Dr. Phillip Frost, who beneficially owns 15,252,937 shares of the Company’s common stock, or 14.5% of the Company's outstanding shares as of December 28, 2013, is Chairman of the Board and Chief Executive Officer of OPKO.

Table of Contents

Review, approval or ratification of transactions with related persons.

On an ongoing basis, the Audit Committee reviews all "related party transactions" (those transactions that are required to be disclosed in this Annual Report on Form 10-K by SEC Regulation S-K, Item 404 and under Nasdaq's rules), if any, for potential conflicts of interest and all such transactions must be approved by the Audit Committee.

Director Independence

Under the NASDAQ Stock Market Marketplace Rules, a director will only qualify as an independent director if, in the opinion of our Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that each of Michael H. Brauser, Barry Honig, Stephen Block, Reid Dabney, Hugh Dunkerley, Mark S. Germain, Glenn L. Halpryn and Stephen Allen has no material relationship with our Company and is independent within the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc. Frank L. Jaksch Jr. does not meet the independence standards because of he is the Chief Executive Officer of our Company.

Item 14. Principal Accounting Fees and Services

Audit Fees

For the fiscal year ending December 29, 2012 and the subsequent period through December 11, 2013, McGladrey, LLP was the Company's independent registered public accounting firm. On December 11, 2013, the Audit Committee of the Board approved the dismissal of McGladrey LLP as the Company's independent registered public accounting firm. On December 26, 2013, the Audit Committee of the Board engaged Marcum LLP as its independent registered public accounting firm for the Company's fiscal year ending December 28, 2013.

The following table sets forth fees billed to us by our independent registered public accounting firms during the fiscal years ended December 28, 2013 and December 29, 2012

McGladrey, LLP		2013		2012
Audit Fees (1)	$	37,500	$	151,900
Audit-Related Fees (2)	$	105,600	$	78,000
Tax Fees (3)	$	37,000	$	37,000
All Other Fees	$	—	$	—

Marcum, LLP		2013		2012
Audit Fees	$	100,000 (4)	$	—
Audit-Related Fees	$	—	$	—
Tax Fees	$	—	$	—
All Other Fees	$	—	$	—

(1) Audit fees consist of fees for the audit of the Company's financial statements and review of financial statements included in the Company's quarterly reports.

(2) Audit-related fees include costs incurred for reviews of registration statements and consultations on various accounting matters in support of the Company's financial statements.

(3) Tax fees consist of fees for tax compliance matters.

(4) The amount represents an estimated amount from the engagement letter of the Company's current auditors and not the final billed amount associated with the audit of the Company's financial statements.

Table of Contents

Policy for Pre-Approval of Independent Auditor Services

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditor. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the specific service or category of service and is generally subject to a specific budget. The independent auditor and management are required to periodically communicate to the Audit Committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Reference is made to Item 8. Financial Statements and Supplementary Data of this Form 10-K.

List of Exhibits

Reference is made to the Exhibit Index immediately preceding such Exhibits of this Form 10-K.

Table of Contents

SIGNATURES

Pursuant to the requirements 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, on the 27th day of March 2014.

CHROMADEX CORPORATION

By: /s/ FRANK L. JAKSCH JR.
Frank L. Jaksch Jr.
Chief Executive Officer

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 in the capacities and on the dates indicated.

Signature	Title	Date
/s/ FRANK L. JAKSCH JR. Frank L. Jaksch Jr.	Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2014
/s/ THOMAS C. VARVARO Thomas C. Varvaro	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	March 27, 2014
/s/ MICHAEL BRAUSER Michael Brauser	Co-Chairman of the Board and Director	March 27, 2014
/s/ BARRY C. HONIG Barry C. Honig	Co-Chairman of the Board and Director	March 27, 2014
/s/ STEPHEN BLOCK Stephen Block	Director	March 27, 2014
/s/ REID DABNEY Reid Dabney	Director	March 27, 2014
/s/ GLENN L. HALPRYN Glenn L. Halpryn	Director	March 27, 2014
/s/ STEPHEN ALLEN Stephen Allen	Director	March 27, 2014
/s/ HUGH DUNKERLEY Hugh Dunkerley	Director	March 27, 2014

/s/ MARK S. GERMAIN Mark S. Germain	Director	March 27, 2014

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of May 21, 2008, among Cody, CDI Acquisition, Inc. and ChromaDex, Inc. as amended on June 10, 2008 (incorporated by reference from, and filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
3.1	Amended and Restated Certificate of Incorporation of ChromaDex Corporation, a Delaware corporation (incorporated by reference from, and filed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission on May 4, 2010)
3.2	Bylaws of ChromaDex Corporation, a Delaware corporation (incorporated by reference from, and filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.1	Form of Stock Certificate representing shares of ChromaDex Corporation Common Stock (incorporated by reference from, and filed as Exhibit 4.1 of the Company's Annual Report on Form 10-K filed with the Commission on April 3, 2009)
4.2	Investor's Rights Agreement, effective as of December 31, 2005, by and between The University of Mississippi Research Foundation and ChromaDex (incorporated by reference from, and filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.3	Tag-Along Agreement effective as of December 31, 2005, by and among the Company, Frank Louis Jaksch, Snr. & Maria Jaksch, Trustees of the Jaksch Family Trust, Margery Germain, Lauren Germain, Emily Germain, Lucie Germain, Frank Louis Jaksch, Jr., and the University of Mississippi Research Foundation (incorporated by reference from, and filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.4	License Agreement, effective September 15, 2005 between L&J Becvar, L.P. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
4.5	Form of Warrant to Purchase Shares of Common Stock of ChromaDex Corporation (incorporated by reference from, and filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on July 30, 2008)
4.6	Form of Warrant under the Subscription Agreement, dated as of April 22, 2010 (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on April 26, 2010)
4.7	Form of Registered Direct Agreement, dated as of January 31, 2012 (incorporated by reference from, and filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on February 1, 2012)
4.8	Form of Purchase Agreement dated as of January 31, 2012 (incorporated by reference from, and filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on February 1, 2012)
10.1	ChromaDex, Inc. 2000 Non-Qualified Incentive Stock Option Plan effective October 1, 2000 (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.2	Second Amended and Restated 2007 Equity Incentive Plan effective March 13, 2007, as amended May 20, 2010 (incorporated by reference from, and filed as Appendix B to the Company's Current Definitive Proxy Statement on Schedule 14A filed with the Commission on May 4, 2010)(1)+

10.3	Form of Stock Option Agreement under the ChromaDex, Inc. Second Amended and Restated 2007 Equity Incentive Plan (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.4	Form of Restricted Stock Purchase Agreement under the ChromaDex, Inc. 2007 Equity Incentive Plan (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)(1)+
10.5	Amended and Restated Employment Agreement dated April 19, 2010, by and between Frank L. Jaksch, Jr. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on April 22, 2010)(1)+
10.6	Amended and Restated Employment Agreement dated April 19, 2010, by and between Thomas C. Varvaro and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on April 22, 2010)(1)+

Table of Contents

10.7	Employment Agreement dated as of October 27, 2010, between ChromaDex, Inc. and William F. Spengler (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on November 1, 2010)+
10.8	Amendment to Employment Agreement, dated as of March 14, 2011, between ChromaDex, Inc. and William F. Spengler (incorporated by reference from, and filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the Commission on March 16, 2011)+
10.9	Separation and Release Agreement, dated as of February 13, 2012 between ChromaDex Corporation and William F. Spengler (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 17, 2012)+
10.10	Employment Agreement, dated as of February 7, 2012 between ChromaDex Corporation and Jeffrey Himmel (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 13, 2012)+
10.11	Separation and Release Agreement, dated as of June 11, 2012 between ChromaDex Corporation and Jeffrey Himmel (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 12, 2012)+
10.12	Employment Agreement, dated as of February 21, 2012 between ChromaDex Corporation and Debra Heim (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 24, 2012)+
10.13	Separation and Release Agreement, dated as of June 11, 2012 between ChromaDex Corporation and Debra Heim (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on June 12, 2012)+
10.14	Form of Indemnification Agreement entered into between the Company and existing directors and officers on October 27, 2010 (incorporated by reference from and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on November 1, 2010)+
10.15	Standard Industrial/Commercial Multi-Tenant Lease – Net dated December 19, 2006, by and between ChromaDex, Inc. and SCIF Portfolio II, LLC (incorporated by reference from, and filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.16	First Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of July 18, 2008, between SCIF Portfolio II, LLC ("Lessor") and ChromaDex, Inc. ("Lessee") (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on July 23, 2008)
10.17	Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of May 7, 2013, between SCIF Portfolio II, LLC ("Lessor") and ChromaDex, Inc. ("Lessee") (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on May 7, 2013)
10.18	Lease Agreement dated October 26, 2001, by and between Railhead Partners, LLC and NaPro BioTherapeutics, Inc., as assigned to Chromadex Analytics, Inc. on April 9, 2003 and amended on September 24, 2003 (incorporated by reference from, and filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.19	First Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of July 18, 2008, between SCIF Portfolio II, LLC ("Lessor") and ChromaDex, Inc. ("Lessee") (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on July 23, 2008)
10.20	Second Addendum to Lease Agreement, made as of April 27, 2009, by and between Railhead Partners, LLC and Chromadex Analytics, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on

	April 28, 2009)
10.21	Licensing Agreement Nutraceutical Standards effective as of December 31, 1999 between the University of Mississippi Research Foundation and ChromaDex (incorporated by reference from, and filed as Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.22	Equity Based License Agreement dated October 25, 2001, by and between the Company and Bayer Innovation Beteiligungsgesellshaft mbH, as amended as of October 30, 2003 (incorporated by reference from, and filed as Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.23	License Agreement, effective September 15, 2005 between L&J Becvar, L.P. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)

Table of Contents

10.24	Patent License Agreement between the Board of Regents of The University of Texas Systems and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.12 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.25	Stock Redemption Agreement, dated June 18, 2008 between ChromaDex, Inc. and Bayer Innovation GmbH (formerly named Bayer Innovation Beteiligungsgesellschaft mbH) (incorporated by reference from, and filed as Exhibit 10.13 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.26	Promissory Note, dated June 18, 2008 between ChromaDex, Inc. as borrower and Bayer Innovation GmbH as lender (incorporated by reference from, and filed as Exhibit 10.14 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2008)
10.27	Technology License Agreement dated June 30, 2008 between The Research Foundation of the State University of New York and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 12, 2008)*
10.28	Subscription Agreement, dated November 29, 2009, between Jinke Group (Hong Kong) Ltd and ChromaDex Corporation (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 3, 2009)
10.29	Subscription Agreement, dated April 22, 2010, between ChromaDex Corporation and the subscribers listed on the signature pages thereto (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on April 26, 2010)
10.30	Placement Agency Agreement, dated as of January 31, 2012 (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 1, 2012)
10.31	License Agreement, dated March 25, 2010 between the University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 18, 2010)*
10.32	First Amendment to License Agreement, made as of June 3, 2011 between the University of Mississippi and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 11, 2011)*
10.33	License Agreement, dated July 5, 2011 between ChromaDex, Inc. and Cornell University (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2011)*
10.34	Exclusive License Agreement, dated September 8, 2011 between the Regents of the University of California and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 10, 2011)*
10.35	Exclusive License Agreement, dated July 13, 2012 between Dartmouth College and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 8, 2012)*
10.36	Exclusive License Agreement, dated March 7, 2013 between Washington University and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 10, 2013)*
10.37	Asset Purchase and Sale Agreement, dated as of March 28, 2013, by and between ChromaDex Corporation and NeutriSci International, Inc. (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)
10.38	

	Senior Secured Convertible Promissory Note, dated as of March 28, 2013, by NeutriSci International, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)
10.39	Security Agreement, dated as of March 28, 2013, by and between ChromaDex Corporation and NeutriSci International, Inc. (incorporated by reference from, and filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)
10.40	Subsidiary Guaranty, dated as of March 28, 2013, executed by Britlor Health and Wellness, Inc. (incorporated by reference from, and filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)
10.41	Royalty Agreement, dated as of March 28, 2013, by and between ChromaDex Corporation and NeutriSci International, Inc. (incorporated by reference from, and filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)

Table of Contents

10.42	Sales Confirmation and Contract, dated as of March 28, 2013, by and Between ChromaDex Corporation and NeutriSci International, Inc. (incorporated by reference from, and filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Commission on March 29, 2013)
10.43	Niagen Supply Agreement, dated July 9, 2013, by and between ChromaDex, Inc. and Thorne Research, Inc. (incorporated by reference from, and filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on July 12, 2013)
10.44	License Agreement, made as of August 1, 2013, between Green Molecular S.L., Inc. and ChromaDex, Inc. (incorporated by reference from, and filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on November 21, 2013)*
10.45	Form of Subscription Agreement, dated October 17, 2013, between ChromaDex Corporation and the subscribers (incorporated by reference from, and filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on October 18, 2013)
16.1	Letter from McGladrey LLP, Independent Registered Public Accounting Firm, dated December 17, 2013 re change in certifying accountant (incorporated by reference from, and filed as Exhibit 16.1 to the Company's Current Report on Form 8-K filed with the Commission on December 17, 2013)
21.1	Subsidiaries of ChromaDex (incorporated by reference from, and filed as Exhibit 21.1 to the Company's Annual Report on Form 10-K filed with the Commission on March 29, 2013)
23.1	Consent of McGladrey, LLP, Independent Registered Public Accounting Firmv
23.2	Consent of Marcum, LLP, Independent Registered Public Accounting Firmv
31.1	Certification of the Chief Executive Officer pursuant to §240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amendedv
31.2	Certification of the Chief Financial Officer pursuant to §240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amendedv
32.1	Certification pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)v

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v Filed herewith.

(1) Plan and related Forms were assumed by ChromaDex Corporation pursuant to Agreement and Plan of Merger, dated as of May 21, 2008, among ChromaDex Corporation (formerly Cody Resources, Inc.), CDI Acquisition, Inc. and ChromaDex, Inc.

+ Indicates management contract or compensatory plan or arrangement.

* This Exhibit has been granted confidential treatment and has been filed separately with the Commission. The confidential portions of this Exhibit have been omitted and are marked by an asterisk.