

Mount Knowledge Holdings, Inc.  
Form 10-Q  
September 17, 2010

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended **July 31, 2010**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from April 30, 2010 to July 31, 2010

Commission File No. **000-52664**

**MOUNT KNOWLEDGE HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**98-0534436**

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

**39555 Orchard Hill Place, Suite 600 PMB 6096, Novi, Michigan 48375**

(Address of principal executive offices) (zip code)

**(888) 682-3038 or (248) 893-4538**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No  (does not yet apply to registrant)

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after distribution of securities under a plan confirmed by a court.

Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

**As of July 31, 2010, there were 85,533,536 shares of common stock, par value \$0.0001, outstanding.**

**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**FINANCIAL STATEMENTS**

**JULY 31, 2010**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

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**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**BALANCE SHEETS**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	<b>JULY 31</b>	<b>OCTOBER</b>
	<b>2010</b>	<b>31</b>
		<b>2009</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 111	\$ -
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 6,736	\$ 13,683
Due to related party	105,200	6,701
	<b>111,936</b>	<b>20,384</b>
<b>STOCKHOLDERS DEFICIENCY</b>		
<b>Capital Stock (Note 4)</b>		
Authorized:		
200,000,000 common voting stock with a par value of \$0.0001 per share		
100,000,000 preferred stock with a par value of \$0.0001 per share		
Issued:		
85,533,536 common shares at July 31, 2010		
(2009 195,533,536 common shares)	<b>8,553</b>	19,553
<b>Additional Paid-In Capital</b>	<b>80,771</b>	131,951
<b>Accumulated Other Comprehensive Gain</b>	<b>353</b>	935
<b>Share Purchase Warrants</b>	<b>57,180</b>	-
<b>Deficit Accumulated During The Exploration Stage</b>	<b>(151,681)</b>	(151,681)
<b>Deficit Accumulated During The Development Stage</b>	<b>(107,001)</b>	(21,142)
	<b>(111,825)</b>	<b>(20,384)</b>
	<b>\$ 111</b>	<b>\$ -</b>

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

**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	THREE MONTHS ENDED		NINE MONTHS ENDED		CUMULATIVE
	JULY 31		JULY 31		PERIOD FROM
	2010	2009	2010	2009	INCEPTION MARCH 16 2006 TO JULY 31
	2010	2009	2010	2009	2010
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenses</b>					
Exploration expenses	-	-	-	-	15,313
Filing and transfer agent fees	3,299	548	18,407	2,568	52,139
General and administrative	1,877	36	4,318	100	10,625
Investor relations	9,000	-	9,000	-	9,000
Professional fees	28,528	4,918	54,134	20,652	167,023
	<b>42,704</b>	<b>5,502</b>	<b>85,859</b>	<b>23,320</b>	<b>254,100</b>
<b>Write Down On Mineral Property</b>	-	-	-	-	4,582
	<b>42,704</b>	<b>5,502</b>	<b>85,859</b>	<b>23,320</b>	<b>258,682</b>
<b>Net Loss For The Period</b>	<b>\$ (42,704)</b>	<b>\$ (5,502)</b>	<b>\$ (85,859)</b>	<b>\$ (23,320)</b>	<b>\$ (258,682)</b>
<b>Net Loss During the Exploration Stage</b>	<b>\$ -</b>	<b>\$ (5,502)</b>	<b>\$ -</b>	<b>\$ (23,320)</b>	<b>\$ (151,681)</b>
<b>Net Loss During the Development Stage</b>	<b>(42,704)</b>	<b>-</b>	<b>(85,859)</b>	<b>-</b>	<b>(107,001)</b>
	<b>\$ (42,704)</b>	<b>\$ (5,502)</b>	<b>\$ (85,859)</b>	<b>\$ (23,320)</b>	<b>\$ (258,682)</b>
<b>Basic And Diluted Loss Per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	
<b>Weighted Average Number Of Common</b>					
<b>Shares Outstanding</b>	<b>85,533,536</b>	<b>7,112,500</b>	<b>118,170,899</b>	<b>7,112,500</b>	

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

**STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	<b>THREE MONTHS ENDED</b>		<b>NINE MONTHS ENDED</b>		<b>CUMULATIVE</b>
	<b>JULY 31</b>		<b>JULY 31</b>		<b>PERIOD FROM</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>INCEPTION</b>
					<b>MARCH 16</b>
					<b>2006 TO</b>
					<b>JULY 31</b>
					<b>2010</b>
<b>Net Loss For The Period</b>	\$ (42,704)	\$ (5,502)	\$ (85,859)	\$ (23,320)	\$ (258,682)
<b>Other Comprehensive Gain (Loss)</b>					
Foreign currency translation adjustment	-	(3,082)	-	(4,052)	353
<b>Total Comprehensive Loss</b>	\$ (42,704)	\$ (8,584)	\$ (85,859)	\$ (27,372)	\$ (258,329)

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

**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	<b>NINE MONTHS ENDED</b>		<b>PERIOD</b>
	<b>JULY 31</b>		<b>FROM</b>
	<b>2010</b>	<b>2009</b>	<b>INCEPTION</b>
			<b>MARCH 16</b>
			<b>2006 TO</b>
			<b>JULY 31</b>
			<b>2010</b>
<b>Cash (Used In) Operating Activities</b>			
Net loss for the period	\$ (85,859)	\$ (23,320)	\$ (258,682)
Adjustment to reconcile net loss to net cash used in operating activities:			
Mineral property write down	-	-	4,582
Change in non-cash operating working capital item:			
Accounts payable and accrued liabilities	(6,947)	(2,521)	6,736
	<b>(92,806)</b>	<b>(20,799)</b>	<b>(247,364)</b>
<b>Cash (Used In) Investing Activity</b>			
Mineral property acquisition costs	-	-	(4,582)
<b>Cash Provided By Financing Activities</b>			
(Repurchase and retirement) Issuance of common stock			
	(5,000)	40,254	146,504
Advances from related party	98,499	21,225	105,200
	<b>93,499</b>	<b>61,479</b>	<b>251,704</b>
<b>Foreign Exchange Effect On Cash</b>	<b>(582)</b>	<b>(4,052)</b>	<b>353</b>
<b>Increase In Cash</b>	<b>111</b>	<b>36,628</b>	<b>111</b>
<b>Cash, Beginning Of Period</b>	<b>-</b>	<b>3,879</b>	<b>-</b>
<b>Cash, End Of Period</b>	<b>\$ 111</b>	<b>\$ 40,507</b>	<b>\$ 111</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>			
Cash paid during the period for:			
Interest	\$ -	\$ -	
Income taxes	\$ -	\$ -	

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



## STATEMENT OF STOCKHOLDERS DEFICIENCY

PERIOD FROM MARCH 16, 2006 (INCEPTION) TO JULY 31, 2010

(Unaudited)

(Stated in U.S. Dollars)

	COMMON STOCK		ADDITIONAL	SHARE	ACCUMULATED	SH
	SHARES	AMOUNT	PAID-IN	SUBSCRIPTIONS	OTHER	PUR
			CAPITAL	RECEIVED	COMPREHENSIVE	WAR
					(LOSS) GAIN	
Opening Balance						
March 16, 2006 Stock issued for cash at \$0.0001	110,000,000	\$ 11,000	\$ (6,000)	\$ -	\$ -	
June 26, 2006 Stock issued for cash at \$0.0017	38,500,000	3,850	66,150	-	-	
Share subscriptions received	-	-	-	3,000	-	
Foreign currency translation	-	-	-	-	(262)	
Net loss for the period	-	-	-	-	-	
Balance, October 31, 2006	148,500,000	14,850	60,150	3,000	(262)	
December 12, 2006 Stock issued for cash at \$0.004	5,841,000	585	25,965	(3,000)	-	
February 7, 2007 Stock issued for cash at \$0.0045	2,134,000	213	9,487	-	-	
Foreign currency translation	-	-	-	-	7,098	
Net loss for the year	-	-	-	-	-	

Balance, October 31, 2007	156,475,000	15,648	95,602	-	6,836
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The accompanying notes are an integral part of these financial statements.

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**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**STATEMENT OF STOCKHOLDERS DEFICIENCY (Continued)**

**PERIOD FROM MARCH 16, 2006 (INCEPTION) TO JULY 31, 2010**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	COMMON STOCK				ACCUMULATED	
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	SHARE SUBSCRIPTIONS RECEIVED	OTHER COMPREHENSIVE (LOSS) GAIN	SHARE PURCHASE WARRANTS
Balance, October 31, 2007	156,475,000	\$ 15,648	\$ 95,602	\$ -	\$ 6,836	\$ -
Foreign currency translation	-	-	-	-	465	-
Net loss for the year	-	-	-	-	-	-
Balance, October 31, 2008	156,475,000	15,648	95,602	-	7,301	-
July 27, 2009 Stock issued for cash at \$0.0005	6,058,536	605	2,149	-	-	-
July 27, 2009 Stock issued for cash at \$0.0011	33,000,000	3,300	34,200	-	-	-
Foreign currency translation	-	-	-	-	(6,366)	-
Net loss for the year	-	-	-	-	-	-
Balance, October	195,533,536	19,553	131,951	-	935	-

31, 2009

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

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**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**STATEMENT OF STOCKHOLDERS DEFICIENCY (Continued)**

**PERIOD FROM MARCH 16, 2006 (INCEPTION) TO JULY 31, 2010**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

	<b>COMMON STOCK</b>				<b>ACCUMULATED</b>	
	<b>SHARES</b>	<b>AMOUNT</b>	<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>SHARE SUBSCRIPTIONS RECEIVED</b>	<b>OTHER COMPREHENSIVE LOSS</b>	<b>SHARE PURCHASE WARRANTS</b>
Balance, October 31, 2009	195,533,536	\$ 19,553	\$ 131,951	-	\$ 935	-
January 20, 2010 stock repurchase and retirement at \$0.0001	(110,000,000)	(11,000)	6,000	-	-	-
Foreign currency translation	-	-	-	-	(582)	-
January 21, 2010 fair value and deferral of financing costs of warrants granted	-	-	(57,180)	-	-	57,180
Net loss for the period	-	-	-	-	-	-
<b>Balance, July 31, 2010</b>	<b>85,533,536</b>	<b>\$ 8,553</b>	<b>\$ 80,771</b>	<b>-</b>	<b>\$ 353</b>	<b>\$ 57,180</b>

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

**MOUNT KNOWLEDGE HOLDINGS, INC.**  
**(Formerly Auror Capital Corp.)**  
**(A Development Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**JULY 31, 2010**  
**(Unaudited)**  
**(Stated in U.S. Dollars)**

**1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS**

Organization

Mount Knowledge Holdings, Inc. (the Company) was incorporated as Auror Capital Corp. under the laws of the State of Nevada on March 16, 2006. On January 25, 2010, the Company filed an amendment and restatement to the Articles of Incorporation of the Company with the State of Nevada, which were approved by the Board of Directors on October 20, 2009 by written consent in lieu of a special meeting in accordance with the Nevada Corporation Law, changing its name to Mount Knowledge Holdings, Inc. and increasing the number of authorized common and preferred shares.

The Company began as an exploration stage company engaged in the acquisition and exploration of mineral properties. On January 23, 2009, the Company decided to abandon its Katrina mineral claim due to unsuccessful explorations to date and inability to attract investment capital to proceed with further exploration on the claim.

On July 27, 2009, the Company changed its business purpose from a mining and exploration to an educational software development and sales company offering innovative and proprietary learning software products and teaching services. The Company's principal executive offices are now in Novi, Michigan.

On January 21, 2010, the Company executed a new exclusive Master Software License Agreement with Mount Knowledge Inc, a corporation owned by the Company's founder and present Chairman and director based in Ontario, Canada, wherein the Company was granted the exclusive world-wide license rights to promote, market and sell any and all of Mount Knowledge Inc's products, both existing and future. These existing products consist of patent pending Real Time Learning and Self Improvement Educational System and Method software application referred to as Syntality. The Agreement supersedes the Master Product License Agreement executed on or before July 27, 2009 and provides updated terms and conditions, including, but not limited to new definitions of duties, responsibilities and costs to be borne by the respective parties.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying financial statements, for the period from March 16, 2006 (inception) to July 31, 2010, the Company had no revenue and incurred net losses aggregating \$258,682. The ability of the Company to continue as a going concern is dependent upon its ability to obtain financing and become successful in marketing products under the license agreement described above. Management has plans to seek additional capital through debt, and private and public offerings of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.



**1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS (Continued)**

The unaudited interim financial statements as of and for the nine months ended July 31, 2010 reflect all adjustments which, in the opinion of management, are necessary to fairly state the Company's financial position and the results of its operations for the periods presented. These second quarter financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's October 31, 2009 Form 10-K. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosures which would substantially duplicate that contained in the Company's October 31, 2009 financial statements, have been omitted. The results of operations for the nine month period ended July 31, 2010 are not necessarily indicative of the results for the entire year ending October 31, 2010.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Development Stage Company

The Company became a development stage company as defined by ASC 915 (formerly SFAS 7), during its fourth quarter, 2009. The Company is devoting substantially all of its present efforts to developing its new business. All losses accumulated during the 2009 fourth quarter had been considered as part of the Company's development stage activities. Costs of start up activities, including organizational costs, are expensed as incurred.

b) In June 2009, the Financial Accounting Standards Board ( FASB ) issued its final Statement of Financial Accounting Standards ( SFAS ) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 ( SFAS 168 ). SFAS 168 establishes the FASB Accounting Standards Codification ( Codification ), which officially launched July 1, 2009, to become the source of authoritative U.S. generally accepted accounting principles ( GAAP ) recognized by the FASB to be applied by non-governmental entities, superseding existing FASB, American Institute of Certified Public Accountants ( AICPA ), Emerging Issues Task Force ( EITF ), and related accounting literature. Rules and interpretive releases of the Securities and Exchange Commission ( SEC ) under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. SFAS 168 recognizes the previously issued GAAP pronouncements into accounting topics and displays them using a consistent structure.

The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the Codification. SFAS 168 is effective for the Company as of the year ended October 31, 2009. As the Codification was not intended to change or alter existing GAAP, it did not have an impact on the Company's financial statements. The only impact was that references to authoritative accounting literature are in accordance with the Codification. The Company has included in its disclosures the Accounting Standards Codification ( ASC ) cross-reference alongside the references to the accounting standards issued and adopted prior to the adoption of Codification.



c) Exploration Stage Activities and Mineral Property Interests

Until abandonment of its mineral property on January 23, 2009, the Company was an exploration stage mining company and had not realized any revenue from its operations. It was primarily engaged in the acquisition, exploration and development of mining properties.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

d) Financial Instruments and Concentration of Risk

The fair value of financial instruments, which consist of cash, and accounts payable and accrued liabilities, were estimated to approximate their carrying values due to the immediate or relatively short maturity of these instruments. Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments.

e) Basic and Diluted Loss Per Share

In accordance with ASC Topic 260, Earnings Per Share (formerly SFAS 128), the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings per share excludes all dilutive potential shares if their effect is anti-dilutive.

The Company accounts for common stock purchase warrants at fair value in accordance with EITF 00-19, Accounting for Derivative Financial Instruments Indexed to and Practically Settled in, a Company's Own Stock, (codified in ASC 815, *Derivatives and Hedging*). The Black-Scholes option pricing valuation method is used to determine fair value of these warrants. Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the warrants and risk-free rates.

f) Foreign Currency Translation

The Company's functional currency is now the U.S. dollar. In the fiscal year 2009, the functional currency was the Canadian dollar. Transactions in Canadian currency are translated into U.S. dollars as follows:

- i) monetary items at the exchange rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average rate in effect during the applicable accounting period.

### 3. RELATED PARTY TRANSACTIONS AND AMOUNTS DUE

- a) At July 31, 2010, the Company was indebted in the amount of \$105,200 (2009 - \$6,701) to a related party, being non-interest bearing demand loan advances from an entity controlled by the Company's director.
- b) On April 26, 2010, the Board of Directors approved the execution of a non-binding letter of intention to purchase 100% of the issued and outstanding shares of common and preferred stock, including warrants issued for the right to purchase additional common or preferred stock, of Mount Knowledge USA, Inc. ( MTKUSA ) from MTKUSA's shareholders of record on closing of a proposed stock purchase and share exchange agreement. A more detailed description of the pending transaction is provided in Note 5 herein.

This pending transaction represents a related party transaction in which one or more of the officers and directors of MTKUSA are the same as for the Company. Furthermore, both Company and MTKUSA are engaged in similar business dealings. MTKUSA was created by the officers and directors of the Company as a financing vehicle to raise funds privately to support the Company's sales and marketing efforts in China as set forth in the Company's milestones; all being acquired as a result of the completion of this transaction.

On June 30, 2010, the Board of Directors approved the execution of an extension of the effective period of the letter of intent. This extension provided for a definitive agreement to be executed on or before August 31, 2010.

On September 10, 2010, the Board of Directors approved the execution of a second extension of the effective period of the letter of intent. This extension provides for a definitive agreement to be executed on or before October 31, 2010 and provides additional time needed to complete final negotiations with the shareholders of MTKUSA and audited financials of MTKUSA.

Company and MTKUSA agreed to an extension to allow MTKUSA to continue to raise up to a maximum of \$1.5 million under an existing private placement memorandum until the new closing date. Since its inception in September 2009, MTKUSA has completed approximately \$1,450,000 in new financing.

The Company does not currently know the precise financial impact of the transaction post-completion. The estimated number of shares of Company stock in series and/or class which the Company would issue in the share exchange agreement with MTKUSA shareholders is as follows:

- (i) Common Shares - approximately 20,000,000 shares;
- (ii) Preferred Shares - approximately 10,000,000 shares; and
- (iii) Warrant for Common Shares - approximately 10,000,000 shares @ \$0.20 per share.

**4. SHARE CAPITAL (Continued)**

## Preferences:

The common or preferred stock may be issued from time to time at the discretion of the Company's Board of Directors in one or more series, the shares of each series to have such voting powers, full or limited, and such designations, preferences, and relative, participating, optional, or other special rights and qualifications, limitations, or restrictions.

## b) Issued and Outstanding:

On January 20, 2010, the Company executed a Share Cancellation Agreement with an entity controlled by the Company's former president for the re-purchase of 110,000,000 shares of the Company's common stock at a price of \$0.0001 per share for a total purchase price of \$5,000.

On January 22, 2010, the Company completed a 22 to 1 forward stock split-up, increasing the number of common shares issued and outstanding. The financial statements have been retro-actively adjusted to reflect this stock split-up for all periods presented.

## c) Share Purchase Warrants

The Company's share purchase warrant activity for the period from March 16, 2006 (inception) to July 31, 2010 is as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
Balance, March 16, 2006 through October 31, 2009	-	\$ -	-
Granted during the period			
January 21, 2010	12,000,000	0.15	
January 21, 2010	12,000,000	0.20	
January 21, 2010	8,888,888	0.0001	
Balance, July 31, 2010	32,888,888	\$ 0.13	29.75 months

The following table provides certain information with respect to the above share purchase warrants that are outstanding and exercisable at July 31, 2010:

EXERCISE PRICES	WARRANTS OUTSTANDING AND EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$ 0.15	12,000,000	29.75 months
\$ 0.20	12,000,000	29.75 months

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\$ 0.0001	8,888,888	29.75 months
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	32,888,888	
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**4. SHARE CAPITAL (Continued)**

On January 21, 2010, the Company issued a series of stock purchase warrant agreements as follows:

- i) with twelve separate parties for the purchase of 1,000,000 shares of common stock of the Company each (12,000,000 shares total) at \$0.15 per share exercisable at any time prior to the termination date (or 36 months from the stock purchase warrant execution date).
- ii) with twelve separate parties for the purchase of 1,000,000 shares of common stock of the Company each (12,000,000 shares total) at \$0.20 per share exercisable at any time prior to the termination date (or 36 months from the stock purchase warrant execution date).
- iii) for the purchase of 8,888,888 shares of common stock of the Company at \$0.0001 per share exercisable at any time after the first 24 months from the date of execution of the warrant and prior to the termination date (or 36 months from the stock purchase warrant execution date).

Expected dividend yield	0%
Estimated share price volatility	120%
Risk-free interest rate	1.41%
Expected life of warrants	3 years

The Company has no stock option plan or other dilutive securities.

**5. COMMITMENTS AND CONTINGENCIES**

- a) On January 21, 2010, the Company executed a new exclusive Master Software License Agreement with Mount Knowledge Inc., superseding the Master Product License Agreement executed on or before July 27, 2009. The agreement includes new definitions of duties, responsibilities and costs to be borne by the respective parties.

Specifically, any and all products licensed under the Master Software License Agreement will be defined specifically in a Statement of Work executed for each respective product describing the terms and condition relating to such product or products, including, but not limited to, costs, delivery dates, specifications, support, other requirements requested by the Company and the respective obligations of the parties with respect thereto, as may be agreed upon by the parties from time to time during the term of the agreement. Also, the term of the agreement was extended to 88 years. The License Agreement may also be further extended upon mutual agreement between the parties.

- b) On April 26, 2010, the Board of Directors approved the execution of a non-binding letter of intention to purchase 100% of the issued and outstanding shares of common and preferred stock, including warrants issued for the right to purchase additional common or preferred stock, of Mount Knowledge USA, Inc. ( MTKUSA ) from MTKUSA s shareholders of record on closing of a proposed stock purchase and share exchange agreement. Under this agreement, shareholders of MTKUSA would receive from the Company the same equivalent number of shares in the same series and/or class of stock as owned and held in MTKUSA. The proposed transaction would make MTKUSA a wholly-owned subsidiary of the Company. The due diligence process, financing efforts by MTKUSA and the definitive agreement or stock purchase and share exchange agreement have not yet been completed.

## 5. COMMITMENTS AND CONTINGENCIES (Continued)

On June 30, 2010, the Board of Directors of Mount Knowledge Holdings, Inc. (the "Company") approved the execution of an extension of the effective period of the Letter of Intent executed on April 26, 2010 (the "Extension") by and between MOUNT KNOWLEDGE HOLDINGS, INC., a fully reporting public Nevada corporation (the "Purchaser" or "MKHD") and MOUNT KNOWLEDGE USA, INC. ("MTKUSA"), a privately-held Nevada corporation and its Shareholders (the "Shareholders" and together with MTKUSA, collectively hereinafter referred to as the "Sellers").

All of the terms and conditions of the proposed transaction shall be set forth in a definitive agreement (the "Stock Purchase and Share Exchange Agreement") to be executed on or before August 31, 2010 (the "Extended Period"), with a subsequent date of closing (the "Closing Date"), to be mutually agreed upon by Sellers and Purchaser.

The Extension is required for MTKUSA to complete the ongoing Regulation D Rule 506 Private Placement Memorandum (the "PPM") to raise a maximum of \$1,500,000 in equity capital in MTKUSA. Both purchaser and Sellers agree that MTKUSA shall be allowed to continue to raise capital via the PPM until the Closing Date, at which time the Shareholders of record of MTKUSA at such date would be acknowledged and included in the executed Stock Purchase and Share Exchange Agreement.

On September 10, 2010, the Board of Directors approved the execution of a second extension of the effective period of the letter of intent dated April 26, 2010. This extension provides for a definitive agreement to be executed on or before October 31, 2010 with additional time to complete MTKUSA's audited financials and final negotiations with MTKUSA's shareholders.

- c) On May 6, 2010, the Board of Directors approved the execution of a non-binding Letter of Intent with The Language Key Training Ltd., a British Virgin Islands Corporation (the Seller), to purchase the collective total of approximately 95% percent or more of the issued and outstanding shares of common and preferred stock, including warrants, options, and/or any other issued securities of the following (collectively referred to as the LK Entities):
- The Language Key China, Ltd., a Hong Kong corporation (the Holding Company) and its wholly-owned subsidiary in China,
  - The Language Key China Ltd., a China corporation, and
  - The Language Key Training, Ltd., a Hong Kong Corporation, currently an independent corporation owned by the Seller, which is to be acquired as a wholly-owned subsidiary of the Holding Company in this proposed transaction.

The proposed transaction would make all LK Entities wholly-owned and operated subsidiaries of the Company.

Pursuant to this Letter of Intent, the Company agreed to the following:

- i) commit to provide a capital investment into the Holding Company in an amount equal to \$1,000,000 within 12 months from the closing date disbursed, as follows:
- (1) a payment in the amount of \$200,000 at the closing date,
  - (2) 10 subsequent payments in the amount of \$75,000 per month, payable on the first day of each month beginning 60 days after the closing date, and





## 5. COMMITMENTS AND CONTINGENCIES (Continued)

- (3) a final payment in the amount of \$50,000 in the 12th month after the closing date, and
- ii) to have the Holding Company, as its majority shareholder (post transaction), provide the Seller compensation, at the closing date, in the form of shares of Series A Convertible Preferred Stock, in an amount equal to 800,000 shares or such other mutually agreed upon amount of shares in the Holding Company, upon the terms and conditions to be set forth in an executed purchase agreement, and a Series A Convertible Preferred Stock Purchase Agreement, made a part thereof.

The due diligence process was expected to take approximately 30 days with a definitive agreement or purchase agreement which was anticipated to be completed on or before June 30, 2010.

On June 28, 2010, our Board of Directors of Mount Knowledge Holdings, Inc, (the "Company ") approved the execution of an amended nonbinding letter of intent (the "Letter of Intent") with The Language Key Training Ltd, a British Virgin Islands Corporation ("The Language Key Training Ltd" or the "Sellers") to purchase from the Sellers on or before the closing date, to be mutually agreed to by the Company and Sellers (the "Closing Date"), shares of common stock in a newly formed corporation domiciled in Hong Kong, Language Key Asia ("Language Key Asia"), consisting of approximately (95%) or more of the common and preferred stock ownership of Language Key Asia. This amended Letter of Intent, when executed by both parties, shall supersede any and all of the terms and conditions set forth in the previously executed Letter of Intent on or about May 6, 2010, as disclosed on our Current Report on Form 8-K filed May 7, 2010.

All of the terms and conditions of the proposed transaction shall be set forth in a definitive agreement (the "Definitive Agreement") was to be executed on or before July 31, 2010, with a subsequent date of closing (the "Closing Date"), to be mutually agreed to by Sellers and Purchaser.

The purpose of Language Key Asia is to own and hold any and all of the issued and outstanding shares of common and preferred stock, including any warrants, options, and/or other securities of The Language Key China, Ltd, a Hong Kong Corporation ("LK Training Asia") and its wholly-owned subsidiary in China, The Language Key China Ltd., a China Corporation (the "China Subsidiary") and The Language Key Training, Ltd., a Hong Kong Corporation, currently an independent corporation owned by the Seller which is to be acquired as a wholly-owned subsidiary of the LK Training Asia in this proposed transaction (the "HK Subsidiary"), collectively referred to as (the "LK Entities"). The proposed transaction would make all the LK Entities wholly-owned and operated subsidiaries of LK Asia, and subsequently the Company.

On September 10, 2010, Company and Seller agreed to further extend the amended letter of intent in order to provide LKA additional time to complete an internal reorganization of LKA and the LK Entities into a parent-subsidiary structure (the "LK Restructuring"), prior the execution of a definitive agreement, and the subsequent closing. It is anticipated that the Company will execute a definitive agreement with LKA on or before September 30, 2010, with a closing on or before October 31, 2010, subject to the completion of the LK Restructuring and consolidated audited financials of LKA.

As of the date of this filing, the Company had no other significant commitments or contractual obligations with any parties respecting executive compensation, consulting arrangements or other matters.

## 6. SUBSEQUENT EVENT

On August 11, 2010, the Company authorized the issuance of 1,100,000 shares of its common stock pursuant to a consulting agreement.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

**Cautionary Note Regarding Forward-Looking Statements**

The information contained in this Item 2 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

Forward-looking statements are made based on managements' beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common stock" refer to the common shares in our capital stock.

As used in this quarterly report, the terms "we," "us," "our," and "MKHD" mean Mount Knowledge Holdings, Inc., unless context clearly requires otherwise.

**General**

We were incorporated as Auror Capital Corp. under the laws of Nevada on March 16, 2006. We began as an exploration stage company engaged in the acquisition and exploration of mineral properties. On January 23, 2009, we decided to abandon our Katrina mineral claim due to our unsuccessful explorations to date and our inability to attract investment capital to proceed with further exploration on the claim.

On January 21, 2010, we executed a new exclusive Master Software License Agreement with Mount Knowledge, Inc. ("MtK"), a corporation based out of Ontario, Canada, and its founder, Erwin Sniedzins, wherein the Company was granted the exclusive world-wide license rights to promote, market and sell any and all of MtK's products, both existing and future.

On January 25, 2010, we filed an amendment and restatement to the Articles of Incorporation of the Company with the State of Nevada, which were approved by the Board of Directors on October 20, 2009 by written consent in lieu of a special meeting in accordance with the Nevada Corporation Law changing our name to Mount Knowledge Holdings, Inc. ("MKHD" or the "Company").

On April 26, 2010, our Board of Directors approved the execution of a non-binding Letter of Intent to purchase one hundred (100%) percent of the issued and outstanding shares of Common and Preferred Stock, including Warrants issued for the right to purchase additional Common or Preferred Stock of Mount Knowledge USA, Inc. ("MTKUSA") from MTKUSA's Shareholders of record on the date of closing in a proposed Stock Purchase and Share Exchange Agreement whereby each of the MTKUSA Shareholders would receive from Mount Knowledge Holdings, Inc. (the "Company") the same equivalent number of shares (one-to-one (1:1) basis) (or some other agreed upon amount) in the

same series and/or class of stock as owned and held in MTKUSA. The proposed transaction would make MTKUSA a wholly-owned subsidiary of the Company.

On May 6, 2010, our Board of Directors approved the execution of a non-binding Letter of Intent with THE LANGUAGE KEY TRAINING LTD, a British Virgin Islands Corporation (the Seller ) to purchase the collective total of approximately ninety-five (95%) percent or more of the issued and outstanding shares of Common and Preferred Stock, including Warrants, Options, and/or another issued securities of The Language Key China, Ltd., a Hong Kong Corporation (the Holding Company ) and its wholly-owned subsidiary in China, The Language Key China Ltd., a China Corporation (the China Subsidiary ) and The Language Key Training, Ltd., a Hong Kong Corporation, currently an independent corporation owned by the Seller which is to be acquired as a wholly-owned subsidiary of the Holding Company in this proposed transaction (the HK Subsidiary ), collectively referred to as (the LK Entities ). The proposed transaction would make all LK Entities wholly-owned and operated subsidiaries of the Company.

On June 28, 2010, our Board of Directors of Mount Knowledge Holdings, Inc, (the "Company ") approved the execution of an amended non-binding letter of intent (the "Letter of Intent") with The Language Key Training Ltd, a British Virgin Islands Corporation ("The Language Key Training Ltd" or the "Sellers") to purchase from the Sellers on or before the closing date, to be mutually agreed to by the Company and Sellers (the "Closing Date"), shares of common stock in a newly formed corporation domiciled in Hong Kong, Language Key Asia ("Language Key Asia"), consisting of approximately ninety-five (95%) percent or more of the common and preferred stock ownership of Language Key Asia. This amended Letter of Intent, when executed by both parties, will supersede any and all of the terms and conditions set forth in the previously executed Letter of Intent on or about May 6, 2010.

On June 30, 2010, the Board of Directors of Mount Knowledge Holdings, Inc, (the "Company") approved the execution of an extension of the effective period of the Letter of Intent executed on April 26, 2010 (the "Extension") by and between MOUNT KNOWLEDGE HOLDINGS, INC., a fully reporting public Nevada corporation (the "Purchaser" or "MKHD") and MOUNT KNOWLEDGE USA, INC. ("MTKUSA"), a privately-held Nevada corporation and its Shareholders (the "Shareholders" and together with MTKUSA, collectively hereinafter referred to as the "Sellers"). See our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 27, 2010 for a description of the Letter of Intent executed on April 26, 2010. On September 10, 2010, Company and Seller agreed to further extend the amended letter of intent in order to provide LKA additional time to complete an internal reorganization of LKA and the LK Entities into a parent-subsiary structure (the LK Restructuring ), prior the execution of a definitive agreement, and the subsequent closing. It is anticipated that the Company will execute a definitive agreement with LKA on or before September 30, 2010, with a closing on or before October 31, 2010, subject to the completion of the LK Restructuring and consolidated audited financials of LKA.

On September 10, 2010, the Board of Directors approved the execution of a second extension of the effective period of the letter of intent dated April 26, 2010. This extension provides for a definitive agreement to be executed on or before October 31, 2010 with additional time to complete MTKUSA s audited financials and final negotiations with MTKUSA s shareholders.

## **Company Overview**

Mount Knowledge Holdings, Inc. (the Company ) is an educational software development, sales and training company offering innovative and proprietary learning software products and teaching services. The Company has developed a suite of market specific real-time self learning software applications for both corporate and direct consumer markets worldwide.

The Company s technology stems from an interactive and visual learning system referred to as Syntality integrated into a core application known as the Knowledge Generator . Mount Knowledge products and services are changing the way consumers of all ages are learning and retaining subjects starting at childhood and continuing for the rest of their personal and business learning lives.



The Company's software learning tools and teaching methodologies are currently being offered in China to the more than 300 million students, from grade school to university, seeking to learn English, including the vast number of people in the Chinese workplace increasing their English fluency to achieve greater income earning potential.

What started as a charitable expedition to climb Mount Everest in 1991, along with the challenges endured, resulted in the inspiration for a truly unique set of learning tools that the Company offers today.

## **Vision and Mission**

The vision of Founder, Erwin Sniedzins, was to develop a learning platform which would accelerate the transfer of **information into knowledge**.

By creating 21st century tools to turbo-charge the learning process, the Company's mission is to:

- *Provide a life-long tool for users of all ages to aid them in learning any subject*
- *Raise the standard of living of all nations through the growth of knowledge*
- *Create a community of millions who seek a common goal of learning for life*

## **Market Overview**

The Company's English language learning market opportunities can be divided into two separate markets:

- **Business-to-Business (b2b) or English Language Training (ELT)** - corporate training departments, government agencies, schools and other learning institutions.
- **Business-to-Consumer (b2c) or English as a Second Language (ESL)** - general market consumers - teachers, parents, students, etc.

## **Product Summary**

The primary goal is to target the 1.3 billion Chinese population where learning English is a passport to opportunity and greater wealth. Three products are being offered to create revenue streams from both consumer and business markets.

- **Syntality Training** is the training methodology that completes the students' life long journey of **converting information into knowledge**.
- **Knowledge Generator** is a software product ( KG ) that delivers a real-time learning system that easily converts information to knowledge. Data from any source can be quickly imported into KG and converted into meaningful interactive exercises and lessons that involve the critical senses of the user. KG's English Language Learning module specifically targets the **ESL (English as a Second Language)** and **ELT (English Language Training)** markets in China.
- **Examatar** is closely related to the Knowledge Generator and has been engineered to accelerate the learning process of teaching English to Chinese students by focusing on the creation of unlimited quizzes and tests on any imported information, to aid students in passing **TOEFL (Test of English as a Foreign Language)** exams required in academic venues, as well as **TOEIC (Test of English for International Communication)** exams for corporate environments.

## **Product Description and Features**

The **Knowledge Generator** product was developed with various software user-interface enablers to promote the utilization of several of the user's senses during the learning process; to *see (visualize), listen, compose, speak, reply*

*and interact and react to information by keyboard touch, sound and voice.*

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The **Knowledge Generator** system addresses many learning needs of students from preschool to college, from one phonetic sound to complete pronunciation of phrases, from learning one word to understanding and writing complete sentences, from listening to speaking and comprehension, etc.

Users can simply import, in various formats (*i.e. word document, RTF, Internet documents, etc.*), textual content they want to learn and the Knowledge Generator software application tools will automatically create interactive subject based **learning or skills training lessons, tests and subsequently, scores.**

The Knowledge Generator product line consists of a proprietary core technology that allows for textual information to be converted into a multi-purpose learning experience with automatically generated interactive lessons, exercises, tests and scores. The software application has more than **240 interactive enabling learning tools** that allow users to transform **information into knowledge** quickly, providing an interactive and dynamic alternative to traditional passive (rote) learning methods.

### **Business Strategy**

Well positioned to become the standard for accelerated learning tools and to provide the only real-time personal learning system, the Company has a three part strategy for growth:

- **Learning Centers** - the establishment of both corporately owned and partnered 21st Century Learning Technology Centers (LTC) where excitement is created for students as they learn through hands-on interaction with the latest technology.
- **English Language Training** - providing language training services to major corporations with a blended approach of on-site training and the use of Mount Knowledge software to provide online tools and custom content development in a corporate licensing revenue model.
- **Web-based Applications** - providing browser-based and mobile software applications to allow online connectivity (e-portal) to Mount Knowledge learning tools and to foster interaction among users (online community) applicable to all markets.

### **Sales and Marketing Overview**

The Company's sales and marketing strategy combines decades of time-proven direct sales and service-based techniques, while maximizing the advantages of living in the digital age.

In certain markets, a physical presence approach (Learning Centers) is the primary strategy due to various government and technology restrictions, and in other markets, one-on-one training in conjunction with a monthly residual web-based business model and/or a direct internet sales and marketing approach is the most cost-effective and efficient method.

In addition, marketing channel alliances will play a significant role in our Company's sales strategy, capitalizing on existing marketing and distribution channels. However, our Company's long-term strategy is to maximize all sales and marketing channels available, including corporate and direct consumer alliances and co-marketing channels.

### **Milestones**

Our milestones and objectives over the next 12 months, beginning in the fourth quarter of 2010, are significantly dependent on various factors which the Company may or may not be in control of, including, but not limited to: (a) obtaining adequate financing to sustain and expand our operations; (b) the ability to acquire various marketing and distribution channels in China; (c) launching Mount Knowledge products and services in China and North American markets; (d) completing market-specific product enhancements, (e) developing new partnerships and distribution channels, (f) launching new sales strategies, (g) creating new business enterprise applications, (h) acquiring

synergistic business operations to accelerate revenue growth, and, (i) generating adequate cash flow from the sales of the Mount Knowledge products and services worldwide.

## **Capital & Uses of Proceeds**

### *Capital Needs*

To implement our plan of operations, including some or all of the above described milestones (objectives), we will continue to raise capital ( equity ) in an amount up to \$2.5 million in the form of a Private Placement or Offering of our restricted stock over the next 3 month period beginning in the fourth quarter of 2010 on terms and conditions to be determined.

We anticipate the need to raise additional capital beyond the first 6 months of operations, subject to the successful implementation of our initial milestones over the first 180 days of operations and our revenue growth cycle thereafter. At this time, management is unable to determine the specific amounts and terms of such future financings. In addition, we may elect to seek subsequent interim or bridge financing in the form of debt (corporate loans) as may be necessary.

### *Proceeds*

We foresee the proceeds from capital raised to be allocated as follows: (a) market-specific implementation costs; (b) product enhancements; (c) business development; (d) general and administrative expenses; (e) working capital; (f) financing costs; and (g) audit/SEC filing fees.

## **Plan of Operations**

Over the 12 months beginning in the fourth quarter of 2010, we must raise capital and complete certain milestones as described below.

### *Background Information*

The Knowledge Generator has been under development since early 2002 and has been trialed by hundreds of users in different user settings. In 2007, MtK, Inc. signed its first annual license agreement with various Toronto District School Board schools for their elementary and high school programs.

Knowledge Generator is now being used to help students in literacy improvements, English as a Second Language (ESL), Adult Professional Accreditation, Teaching of English as a Foreign Language (TOEFL) preparation and special needs learners, including at-risk students and students with Down's Syndrome.

In early 2009, MtK, Inc released its first commercial software application of the Complete English Real Time Self Learning Intelligent System, now known and marketed as the Knowledge Generator product. Since its release, MtK, Inc. has received inquiries on the product from various schools, businesses and potential sales partners throughout Canada and China. This resulted in the execution of a five year, plus five year, Sales Agent Agreement with Tianjin You He Trading Co., Ltd. in Tianjin, China in March of 2009.

This exclusive marketing and distribution agreement for China grants to Tianjin You He Trading Co., Ltd. the rights to distribute the Knowledge Generator product utilizing various traditional marketing methods, at Tianjin You He Trading Co., Ltd. s expense, but with support from MtK, Inc to train initial personnel on product functionality, features, etc., and to assist in the creation of marketing, branding and product identity tools and sales and marketing strategy, as needed.

The exclusive Master Software License Agreement executed on January 21, 2010 with Mount Knowledge, Inc. ( MtK ), a corporation based out of Ontario, Canada, and its founder, Erwin Sniedzins, supersedes the Master Software License Agreement executed on or before July 27, 2009 and provides updated terms and conditions, including, but not limited to, new definitions of duties, responsibilities and costs to be borne by the respective parties.



Any and all products licensed under the Master Product License Agreement will be defined specifically in a Statement of Work executed for each respective product describing the terms and condition relating to such product or products, including, but not limited to, costs, delivery dates, specifications, support, other requirements requested by the Company and the respective obligations of the parties with respect thereto, as may be agreed upon by the parties from time to time during the term of the Agreement. Also, the term of the Agreement has been extended to eighty-eight (88) years. The License Agreement may also be further extended upon mutual agreement between the parties.

The Agreement by and between MtK and us does not include ownership rights to previous marketing and sales or distribution agreements executed by MtK. However, we are in negotiations with MtK to acquire the rights to any and all existing agreements, including the Tianjin You He Trading Co., Ltd Sales Agent agreement, executed by MtK prior to the execution of our Master Software License Agreement, which we anticipate completing in 2010.

On April 26, 2010, our Board of Directors approved the execution of a non-binding Letter of Intent to purchase one hundred (100%) percent of the issued and outstanding shares of Common and Preferred Stock, including Warrants issued for the right to purchase additional Common or Preferred Stock of Mount Knowledge USA, Inc. ( MTKUSA ) from MTKUSA's Shareholders of record on the date of closing in a proposed stock purchase agreement and a share exchange agreement whereby each of the MTKUSA Shareholders would receive from Mount Knowledge Holdings, Inc (the Company ) the same equivalent number of shares (one-to-one (1:1) basis) (or some other agreed upon amount) in the same series and/or class of stock as owned and held in MTKUSA. The proposed transaction would make MTKUSA a wholly-owned subsidiary of the Company.

On or about September 4, 2009, MTKUSA executed an agreement with Mount Knowledge, Inc. whereby it acquired by assignment the rights to the Sales Agency Agreement executed by Mount Knowledge, Inc and Tianjin You He Trading Co., Ltd. on or about March 8, 2009 in exchange for a certain number of warrants in MTKUSA.

The Company had anticipated the acquisition of the same Sales Agency Agreement directly from Mount Knowledge, Inc. according to its business plan, but was unable to raise the necessary financing in the preceeding nine (9) months to execute on the terms and conditions of the Sales Agency Agreement and associated sales efforts in China. The Company may now have the opportunity to do so due to the proposed acquisition of MTKUSA, and may also capitalize on all of the sales and marketing efforts of MTKUSA in China to date.

On or about September 16, 2009, MTKUSA initiated a Private Placement Memorandum ( PPM ) to raise equity capital in a maximum amount of USD \$1,500,000 at a per share price of \$0.15. To date, MKTUSA has raised approximately \$1,450,000 and will continue to raise capital up to the maximum amount before the closing date of the proposed transaction with the Company. The funds obtained from the open PPM will continue to support the sales and marketing efforts in China.

On May 6, 2010, our Board of Directors approved the execution of a non-binding Letter of Intent with THE LANGUAGE KEY TRAINING LTD, a British Virgin Islands Corporation (the Seller ) to purchase the collective total of approximately ninety-five (95%) percent or more of the issued and outstanding shares of Common and Preferred Stock, including Warrants, Options, and/or another issued securities of The Language Key China, Ltd., a Hong Kong Corporation (the Holding Company ) and its wholly-owned subsidiary in China, The Language Key China Ltd., a China Corporation (the China Subsidiary ) and The Language Key Training, Ltd., a Hong Kong Corporation, currently an independent corporation owned by the Seller which is to be acquired as a wholly-owned subsidiary of the Holding Company in this proposed transaction (the HK Subsidiary ), collectively referred to as (the LK Entities ). The proposed transaction would make all LK Entities wholly-owned and operated subsidiaries of the Company. However, to date no definitive agreement has been entered into by the parties and it is possible that the parties may not finalize such agreement.



The Language Key Training Ltd. was set up in Hong Kong in 1994 and is now an established business English and communication skills training consultancy. In 2002, the company set up The Language Key China Ltd. as a Wholly-Owned Foreign Enterprise (WOFE) headquartered in Shanghai, and has since registered branch offices in Beijing and Guangdong. Both entities provide generic and tailored Business English and Communications Skills courses, Soft Skills workshops, Executive Coaching and other related services to public and private sector clients, including government entities in Hong Kong and Mainland China and many Fortune 500 corporations.

For the year ended December 31, 2009, Language Key, collectively generated approximately (unaudited) USD \$1,600,000 in combined revenues from its Hong Kong and China operations and is projected to achieve revenues in excess of (unaudited) USD \$2,000,000 for the year ending December 31, 2010.

On June 28, 2010, our Board of Directors of Mount Knowledge Holdings, Inc, (the "Company ") approved the execution of an amended non-binding letter of intent (the "Letter of Intent") with The Language Key Training Ltd, a British Virgin Islands Corporation ("The Language Key Training Ltd" or the "Sellers") to purchase from the Sellers on or before the closing date, to be mutually agreed to by the Company and Sellers (the "Closing Date"), shares of common stock in a newly formed corporation domiciled in Hong Kong, Language Key Asia ("Language Key Asia"), consisting of approximately ninety-five (95%) percent or more of the common and preferred stock ownership of Language Key Asia. This amended Letter of Intent, when executed by both parties, shall supersede any and all of the terms and conditions set forth in the previously executed Letter of Intent on or about May 6, 2010, as disclosed on our Current Report on Form 8-K filed May 7, 2010.

On June 30, 2010, the Board of Directors of Mount Knowledge Holdings, Inc, (the "Company") approved the execution of an extension of the effective period of the Letter of Intent executed on April 26, 2010 (the "Extension") by and between MOUNT KNOWLEDGE HOLDINGS, INC., a fully reporting public Nevada corporation (the "Purchaser" or "MKHD") and MOUNT KNOWLEDGE USA, INC. ("MTKUSA"), a privately-held Nevada corporation and its Shareholders (the "Shareholders" and together with MTKUSA, collectively hereinafter referred to as the "Sellers"). See our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 27, 2010 for a description of the Letter of Intent executed on April 26, 2010.

On September 10, 2010, Company and Seller agreed to further extend the amended letter of intent in order to provide LKA additional time to complete an internal reorganization of LKA and the LK Entities into a parent-subsidiary structure (the LK Restructuring ), prior the execution of a definitive agreement, and the subsequent closing. It is anticipated that the Company will execute a definitive agreement with LKA on or before September 30, 2010, with a closing on or before October 31, 2010, subject to the completion of the LK Restructuring and consolidated audited financials of LKA.

On September 10, 2010, the Board of Directors approved the execution of a second extension of the effective period of the letter of intent dated April 26, 2010. This extension provides for a definitive agreement to be executed on or before October 31, 2010 with additional time to complete MTKUSA s audited financials and final negotiations with MTKUSA s shareholders.

#### *Future Milestones*

Our milestones and objectives over the next 12 months, beginning in the fourth quarter of 2010, are significantly dependent on various factors which the Company may or may not be in control of, including, but not limited to; (a) obtaining adequate financing to sustain and expand our operations; (b) acquiring various marketing and distribution channels in China; (c) successfully launching the Mount Knowledge products and services in Chinese and North American markets; (d) completing market-specific product enhancements; (e) developing new partnerships and distribution channels; (f) launching new sales strategies; (g) creating new business enterprise applications; (h) acquiring synergistic business operations to accelerate revenue growth; and (i) generating adequate cash flow from the sales of Mount Knowledge products worldwide.





The Company anticipates the completion of the following objectives over the next 12 months, beginning in the third quarter of 2010:

*First 180 Days of Operations (Administrative).*

In the first 180 days of operations, beginning in the third quarter of 2010, our primary focus will be to complete necessary administrative functions, obtain new financing and acquire certain existing marketing and sales agreements in order to properly position the Company execute its business plan. These proposed objectives are as follows:

1. Secondary Offering and/or Other Financings. We intend to initiate a Private Placement or offering for the sale of our restricted Common Stock in an amount of up to \$2,500,000 to commence over the next 1 to 6 months, subject to the completion of all appropriate regulatory filings required prior to the commencement of such capital raise. We anticipate administrative and professional fees to be approximately \$125,000, and selling costs, not to exceed ten (10%) percent (\$250,000) of the total amount of funds raised. In order to complete the Private Placement, we may need to seek interim or bridge financing in the form of debt (corporate loans) and/or convertible debentures to pay for expenses associated with such an offering, as deemed necessary by our management.
2. Acquisition of MTK USA. Pursuant to the Letter of Intent executed with Mount Knowledge USA, Inc. on April 26, 2010 and extended on June 30, 2010, we intend to purchase one hundred (100%) percent of the issued and outstanding shares of common and preferred stock, including warrants issued for the right to purchase additional common or preferred stock of Mount Knowledge USA, Inc, ( MTKUSA ) from MTKUSA s Shareholders of record on the date of closing in a proposed stock purchase agreement and share exchange agreement whereby each of the MTKUSA Shareholders would receive from Mount Knowledge Holdings, Inc (the Company ) the same equivalent number of shares (one-to-one (1:1) basis) or some other agreed upon amount in the same series and/or class of stock as owned and held in MTKUSA. The proposed transaction would make MTKUSA a wholly-owned subsidiary of the Company. The due diligence process is expected to take approximately thirty (30) days, however, management of MTKUSA has requested an additional thirty (30) days beyond the due diligence period in order to complete its existing fund raising efforts, with a definitive agreement to be completed on or before August 31, 2010.
3. Acquisition of Language Key Training. Pursuant to the Letter of Intent executed with The Language Key Training, Ltd. on May 6, 2010, we agreed to: (a) commit to provide a capital investment (the Paid-in Capital ) into the LANGUAGE KEY ASIA in an amount equal to one million (USD \$1,000,000) dollars within twelve (12) months from the Closing Date disbursed as follows: (i) a payment in the amount of \$200,000 at the Closing Date, (ii) ten (10) subsequent payments in the amount of \$75,000 per month payable on the first day of each month beginning sixty (60) days after the Closing Date, and (iii) a final payment in the amount of \$50,000 in the twelfth (12th) month after the Closing Date. The Paid-in Capital invested into LANGUAGE KEY ASIA shall be in the form of a purchase of stock as set forth in the Definitive Agreement on or before the Closing Date, (b) issue to the Sellers, on a pro-rated basis of Sellers ownership, shares of LANGUAGE KEY ASIA Preferred stock in an amount equal to eight hundred thousand (800,000) shares or such other mutually agreed upon amount of shares in LANGUAGE KEY ASIA in exchange for the cancellation of shares of Common Stock owned and held by the Sellers in LANGUAGE KEY ASIA at the date of issuance, subject to the terms and conditions mutually agreed to by Purchaser and Sellers set forth in a Stock Purchase Share Exchange between LANGUAGE KEY ASIA and Sellers (the LK Asia Stock Purchase Share Exchange Agreement), executed on or before the Closing Date, and (c) subject to the Conversion Rights set forth in the LK Asia Preferred, the Sellers would, from time to time, have the right to convert a portion of or all of the LK Asia Preferred into shares of Common Stock in LANGUAGE KEY ASIA.

Upon the conversion of the LK Asia Preferred to shares of Common Stock of LANGUAGE KEY ASIA, MOUNT KNOWLEDGE ASIA shall exchange said shares of Common Stock in LANGUAGE KEY ASIA for shares of Common Stock in MOUNT KNOWLEDGE ASIA in the same equivalent number of shares (one-to-one (1:1) basis) in the same series and/or class of stock as owned and held by Sellers in LANGUAGE KEY ASIA or such other mutually agreed upon amount of shares, upon the terms and conditions mutually agreed to by Purchaser and Sellers set forth in an executed Stock Purchase and Share Exchange Agreement between MOUNT KNOWLEDGE ASIA and Sellers (the MTK ASIA Stock Purchase and Share Exchange Agreement ), executed on or before the Closing Date.

4. Implementation of China Contract. Pursuant to the acquisition of MTK USA, we may be required to fulfill certain, if not all, of the contractual obligations of MtK, Inc in the agreement with Tianjin You He Trading Co., Ltd. These obligations may include, amongst other things, China-specific product design and packaging, technical support, China-related educational content consisting of approved stories and exercises, mutually approved marketing and sales materials and product packaging, a Chinese sales website, and other miscellaneous items which may be deemed necessary in order to successfully launch the product in China within the next 3 to 6 months of operations. We anticipate costs related to the implementation of the China contract to be approximately \$375,000, when acquired.
5. Business Enterprise Applications. With the acquisition of Language Key, we foresee the use of the Mount Knowledge products and services as a learning solution for schools, government agencies, healthcare facilities, and corporations to provide an enhanced, interactive learning program to facilitate new job skills training and continual education programs. Therefore, we intend to develop product-specific enhancements to the existing Mount Knowledge products and services for use in various business applications. It is likely that most of the product enhancements for business applications will be in the form of client-specific modifications based upon requests for customized specifications and functionality. As such, we anticipate that some of the costs for these modifications will be borne by each respective client. Therefore, it is difficult to accurately determine the upfront costs attributable to us for any research and development of business enterprise applications. For that reason, we anticipate a budget of approximately \$50,000 for the beginning stages of such a development program on a timeframe yet to be determined.

*Next 180 days of Operations.*

In the next 180 days of operations beginning the first quarter of 2011, we plan to expand our objectives to include new product enhancements, the development of new partnerships and distribution channels, and direct sales opportunities in the form of infomercials and online membership programs, including the option of bundling our product with potential technology partners to increase brand awareness and product reach as follows:

1. Product Enhancements for North American Market. Subject to the successful launch of the Mount Knowledge products and services in China, we plan to provide product enhancements consistent with perceived customer requirements within the North American marketplace. Most of these enhancements are believed to be in the form of updated graphics, to enhance the fluidity of the user experience and interface, and some market-specific content. We anticipate a budget of approximately \$250,000 to complete such product upgrades over a period of 3 to 6 months.
2. Business Development (Additional Partnerships and Distribution Channels) . We will also pursue our business development efforts in other Asian countries, as well as North American and various European markets. We anticipate an initial budget of approximately \$150,000 to seek new partnerships and distribution channels commencing sometime after the first 90 days of operations and continuing for a period of time thereafter as determined by us, subject to the availability of adequate financing and ongoing sales results.

3. *Infomercials*. We plan to develop infomercials to assist in creating brand awareness and direct sales revenue, beginning in China and eventually targeting North America and specific European and Asian markets. We anticipate an initial budget of approximately \$500,000 over a 6 to 12 month period to effectively produce and execute a sales and marketing program utilizing infomercials commencing at various times in the specific markets we decide to pursue.
4. *Membership Program*. We foresee a web-based e-learning membership program with recurring monthly fee based revenues as being one of the more important and lucrative long-term revenue models for us. It is difficult to accurately estimate the total cost involved in the design and development of this program, including the time required to implement such a program. We have budgeted \$275,000 to pursue the creation and implementation of this membership program.
5. *Technology Partners*. We will seek to identify and develop relationships with globally recognized technology providers and OEM's to pursue the possibility of bundling the Mount Knowledge products and services with established product platforms, including mobile applications (PDA) to provide the Company with an ancillary revenue stream. We see this as a potentially significant opportunity to generate revenues, if the Company can successfully demonstrated the desirability of the Knowledge Generator product with its initial audience and market(s). We anticipate a budget of approximately \$50,000 to cultivate these types of partnerships when deemed appropriate.

The milestones outlined above represent our objectives for the purpose of obtaining revenues from the marketing and sales of the Mount Knowledge products and services through various marketing and distribution channels.

Although, we have arranged and specified each respective milestone in a defined order, or timeline, over the next 12 months, beginning the third quarter of 2010, we may find the need to modify any or all of the milestones listed, subject to unforeseen circumstances and other contingences which may require us to alter, in whole, or in part, certain aspects of each respective milestone in order for us to successfully realize revenue and ultimately attempt to achieve profitability.

Each milestone may begin at a different time than indicated and may continue for a shorter or longer period of time than suggested, depending upon if such milestones have successfully resulted in generating revenues for us.

Also, each milestone may require more or less capital than anticipated and may need to be adjusted from time to time. Furthermore, any adjustments made to the proposed milestones may adversely affect the revenue potential of each milestone and overall revenues and/or our profitability.

### **Requirements and Utilization of Funds**

Our budget for operations in next six to twelve months is as follows:

We initially seek to raise \$2,500,000 during the upcoming 6 months, from the sale of our restricted common stock. These monies will be used to execute on the first six months of milestones such as implementing sales and marketing efforts in China, the development of product enhancements for the China and North American markets, identifying and developing additional partnerships and distribution channels, and for general operating expenses.

We anticipate the need to raise additional capital beyond the first 6 months of operations, subject to the successful implementation of our initial milestones over the first 180 days of operations, beginning in the third quarter of 2010, and our revenue growth cycle thereafter. Management is unable to determine at this time, the specific amounts and terms of such future financings. In addition, we may elect to seek subsequent interim or bridge financing in the form of debt (corporate loans) as may be necessary.



The breakdown for the estimated utilization of funds is as follows:

Requirements & Utilization of Funds

Language Key Growth Capital	\$	1,000,000
Implementation of Existing Agreements	\$	375,000
Product Enhancements	\$	250,000
Business Development	\$	150,000
General and Administrative	\$	125,000
Working Capital	\$	300,000
Financing Costs	\$	200,000
Audit/SEC Filing Fees	\$	100,000
<b>Total</b>	<b>\$</b>	<b>2,500,000</b>

**Financial Condition, Liquidity and Capital Resources**

As of July 31, 2010, we had \$111 in the bank and our only assets are intangible and consist of our business plan, a License Agreement, relationships, and industry contacts. We had limited operations to date and we did not have any revenues during the nine month period ended July 31, 2010. We are illiquid and need cash infusions from investors and/or current shareholders to support our proposed marketing and sales operations.

Management believes this amount may not satisfy our cash requirements for the next 12 months and as such we will need to either raise additional proceeds and/or our officers and/or directors will need to make additional financial commitments to our company, neither of which is guaranteed. We plan to satisfy our future cash requirements, primarily the working capital required to execute on our objectives, including marketing and sales of our product, and to offset legal and accounting fees, through financial commitments from future debt/equity financings, if and when possible.

Management believes that we may generate some sales revenue within the next twelve (12) months, but that these sales revenues will not satisfy our cash requirements during that period. We have no committed source for funds as of this date. No representation is made that any funds will be available when needed. In the event that funds cannot be raised when needed, we may not be able to carry out our business plan, may never achieve sales, and could fail to satisfy our future cash requirements as a result of these uncertainties.

If we are unsuccessful in raising the additional proceeds from officers and/or directors, we may then have to seek additional funds through debt financing, which would be extremely difficult for an early stage company to secure and may not be available to us. However, if such financing is available, because we are an early stage company with no operations to date, we would likely have to pay additional costs associated with high risk loans and be subject to above market interest rates.

At such time as these funds are required, management would evaluate the terms of such debt financing and determine whether the business could sustain operations and growth and manage the debt load. If we cannot raise additional proceeds via a private placement of our common stock or secure debt financing we would be required to cease business operations. As a result, investors in our common stock would lose all of their investment.

The staged development of our business will continue over the next 12 months. Other than engaging and/or retaining independent consultants to assist the Company in various administrative and marketing related needs, we do not anticipate a significant change in the number of our employees, if any, unless we are able to obtain adequate financing.

Our auditors have issued a going concern opinion. This means that there is substantial doubt that we can continue as an on-going business for the next 12 months unless we obtain additional capital to pay our expenses. This is because

we have not generated any revenues and no substantial revenues are anticipated in the near-term. Accordingly, we must raise cash from sources other than from the sale of our products.

Our only source for cash at this time is investment by officers and/or directors, of which, such has not been committed nor can we anticipate that such will be available when needed. We must raise capital to implement our business strategy and continue operations.

## Results of Operations

The following summary of our results of operations should be read in conjunction with our unaudited financial statements for the nine months ended July 31, 2010 which are included herein.

Our operating results for the three months and for the nine months ended July 31, 2010 and 2009 are summarized as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2010	2009	2010	2009
Revenue				
Operating Expenses	\$ 42,704	\$ 5,502	\$ 85,859	\$ 23,320
Net Loss	\$ (42,704)	\$ (5,502)	\$ (85,859)	\$ (23,320)

### *Revenues*

We have earned minimal revenues to date, and anticipate earning minimal revenues in the next quarter.

### *Expenses*

Our expenses for the three months ended July 31, 2010 and 2009 are outlined in the table below:

Filings and Transfer Agent Fees	\$ 3,299	\$ 548	\$ 18,407	\$ 2,568
General and Administrative	1,877	36	4,318	100
Investor Relations	9,000	0	9,000	0
Professional Fees	28,528	4,918	54,134	20,652
Total Expenses	\$ 42,704	\$ 5,502	\$ 85,859	\$ 23,320

### Professional Fees

Professional fees include our accounting and auditing expenses incurred in connection with the preparation and audit of our financial statements and professional fees that we pay to our legal counsel. Our accounting and auditing expenses were incurred in connection with the preparation of our audited financial statements and unaudited interim financial statements and our preparation and filing of a registration statement with the SEC. Our legal expenses represent amounts paid to legal counsel in connection with our corporate organization. Legal expenses will be ongoing during fiscal 2010 as we are subject to the reporting obligations of the Securities Exchange Act of 1934.

Liquidity And Capital Resources*Working Capital*

	As at July 31, 2010	As at July 31, 2009	Percentage Increase / (Decrease)
Current Assets	\$ 111	\$ -	N/A
Current Liabilities	\$ 111,936	\$ 20,384	449%
Working Capital (Deficit)	\$ (111,825)	\$ (20,384)	449%

*Cash Flows*

	Nine Months Ended July 31,		Percentage Increase / (Decrease)
	2010	2009	
Cash (used) in Operating Activities	\$ (92,806)	\$ (20,799)	346%
Cash provided by Investing Activities	\$ -	\$ -	-
Cash provided by Financing Activities	\$ 93,499	\$ 61,479	52%
Foreign Exchange Effect on Cash	(582)	\$ (4,052)	(86%)
Net Increase in Cash	\$ 111	\$ (36,628)	(100%)

We anticipate that we will incur approximately \$100,000 for operating expenses, including professional, legal and accounting expenses associated with our reporting requirements under the Exchange Act during the next twelve months. Accordingly, we will need to obtain additional financing in order to complete our business plan.

Cash Used In Operating Activities

We used cash in operating activities in the amount of \$92,806 during the nine month period ended July 31, 2010 and \$20,799 during the nine month period ended July 31, 2009. Cash used in operating activities was funded by cash from financing activities.

Cash From Investing Activities

No cash was used or provided in investing activities during the nine month period ended July 31, 2010 or nine month period ending July 31, 2009.

Cash from Financing Activities

We generated \$93,499 cash from financing activities during the nine month period ended July 31, 2010 and \$61,479 during the nine months ended July 31, 2009.

Disclosure of Outstanding Share Data

As of July 31, 2010, we had 85,533,536 shares of common stock issued and outstanding. We have 32,888,888 warrants outstanding at July 31, 2010. We do not have any options or shares of any other class issued and outstanding as at the date of this quarterly report.



## **Going Concern**

The financial statements accompanying this report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our shareholders, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations.

As of July 31, 2010, we had accumulated losses of \$258,682 since inception. We do not have sufficient working capital to enable us to carry out our stated plan of operation for the next twelve months. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should our company be unable to continue as a going concern.

Due to the uncertainty of our ability to meet our future operating expenses and the capital expenses in their report on the financial statements for the year period ended October 31, 2009, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

The continuation of our business is dependent upon us raising additional financial support. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

## **Future Financings**

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing stockholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned activities. There is no assurance that the Company will be able to obtain financing to carry on our legal, accounting and reporting needs.

## **Off-Balance Sheet Arrangements**

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

## **Application of Critical Accounting Estimates**

The financial statements of our company have been prepared in accordance with generally accepted accounting principles in the United States ( GAAP ). Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The financial statements have been prepared within the framework of the significant accounting policies summarized below:

- a) Exploration Stage Activities and Mineral Property Interests

Until abandonment of its mineral property on January 23, 2009, the Company was an exploration stage mining company and had not realized any revenue from its operations. It was primarily engaged in the acquisition, exploration and development of mining properties.

b) Financial Instruments and Concentration of Risk

The fair value of financial instruments, which consist of cash, and accounts payable and accrued liabilities, were estimated to approximate their carrying values due to the immediate or relatively short maturity of these instruments.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments.

c) Basic and Diluted Loss Per Share

In accordance with ASC Topic 260, Earnings Per Share (formerly SFAS 128), the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings per share excludes all dilutive potential shares if their effect is anti-dilutive.

The Company accounts for common stock purchase warrants at fair value in accordance with EITF 00-19, Accounting for Derivative Financial Instruments Indexed to and Practically Settled in, a Company's Own Stock, (codified in ASC 815, *Derivatives and Hedging*). The Black-Scholes option pricing valuation method is used to determine fair value of these warrants. Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the warrants and risk-free rates.

d) Foreign Currency Translation

The Company's functional currency is now the U.S. dollar. In the fiscal year 2009, the functional currency was the Canadian dollar.

Transactions in Canadian currency are translated into U.S. dollars as follows:

- i) monetary items at the exchange rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate;
- iii) revenue and expense at the average rate in effect during the applicable accounting period.

Translation adjustments resulting from this process are recorded in Stockholders' Equity as a component of Accumulated Other Comprehensive Income (Loss). Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are recorded in the Statement of Operations.

g) Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results may differ from the estimates.

h) Impairment of Long-Lived Assets

Impairment losses on long-lived assets used in operations are recorded when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In such cases, the amount of the impairment is determined based on the relative fair values of the impaired assets.

i) Treasury Stock

Common stock repurchases are recorded as treasury stock at cost.

On forward stock split-ups, the number of all common shares disclosed in the financial statements is adjusted to give retroactive effect to such recapitalizations.

### **Recent Accounting Pronouncements**

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets* ( ASC Topic 860 ) which will require more information about transfers of financial assets in situations where companies have continuing exposure to the risk related to transferred financial assets. It eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosure. This guidance is effective for interim and annual periods ending after November 15, 2009. The Company does not expect the adoption of the guidance to have a material impact on its financial statements.

In June 2009, the FASB issued SFAS 167, *Amendments to FASB Interpretation No. 46(R)* ( ASC Topic 810 ). The guidance is intended to improve financial reporting by providing additional guidance to companies involved with variable interest entities and by requiring additional disclosures about a company's involvement in variable interest entities. This guidance is effective for interim and annual periods ending after November 15, 2009. The Company does not expect the adoption of the new accounting guidance to have a material impact on its financial statements.

In June 2009, the Financial Accounting Standards Board ( FASB ) issued its final Statement of Financial Accounting Standards ( SFAS ) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, a replacement of FASB Statement No. 162 ( SFAS 168 ). SFAS 168 establishes the FASB Accounting Standards Codification ( Codification ), which officially launched July 1, 2009, to become the source of authoritative U.S. generally accepted accounting principles ( GAAP ) recognized by the FASB to be applied by non-governmental entities, superseding existing FASB, American Institute of Certified Public Accountants ( AICPA ), Emerging Issues Task Force ( EITF ), and related accounting literature.

Rules and interpretive releases of the Securities and Exchange Commission ( SEC ) under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. SFAS 168 recognizes the previously issued GAAP pronouncements into accounting topics and displays them using a consistent structure.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not Applicable.

### **Item 4. Controls and Procedures.**

*Management's evaluation of disclosure controls and procedures.*

As required under the Exchange Act, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as of the end of the period covered by this report, being July 31, 2010. We are responsible for establishing and maintaining adequate internal controls and procedures for the financial reporting of our company. Disclosure control and procedures are the controls and other procedures that are designed to ensure that we record, process, summarize and report in a timely manner the information that we must disclose in reports that we file with or submit to the SEC.

Our management has concluded, based on their evaluation, that as of July 31, 2010, as the result of the material weaknesses described below, our disclosure controls and procedures were ineffective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

*Management's report on internal control over financial reporting.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Management has concluded that there are material weaknesses in both the design and operation of the Company's internal controls and procedures for financial reporting. A material weakness, as defined by SEC rules, is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses in internal control over financial reporting that were identified include:

- i. there is a lack of adequate segregation of duties in our accounting and financial reporting functions;
- ii. there is a lack of entity wide controls, including no audit committee, and a failure to maintain formalized accounting policies and procedures;
- iii. senior management has not established and maintained a proper tone as to internal control over financial reporting;
- iv. there may be a lack of sufficient controls relating to user access security levels in our accounting software to restrict access to certain financial applications only to employees requiring access to complete their job functions.

As a result of the existence of these material weaknesses as of July 31, 2010, management has concluded that we did not maintain effective internal control over financial reporting as of July 31, 2010.

While we believe our financial statements included in this Quarterly Report present fairly, in all material respects, our financial condition, results of operations and cash flows for the periods presented, as a result of the material weaknesses in our internal control over financial reporting, there is a reasonable possibility that material misstatements of the financial statements including disclosures will not be prevented or detected on a timely basis.

*Remediation*

We will engage an independent accounting firm to advise us in respect of our internal controls over financial reporting, and to provide accounting counsel on various matters relating thereto. We will continue to implement further improvements to our internal controls as they are identified. We will use the criteria and framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in the publication Internal Control-Integrated Framework, an integrated framework for the evaluation of internal controls, for the evaluation of our internal controls in the future. Senior management will continue to consult with external experts to assist with the accounting for complex and non-routine accounting transactions.

*Changes to Internal Controls and Procedures Over Financial Reporting*

There have been no changes in our internal control over financial reporting during our fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as discussed herein.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

**ITEM 1A. RISK FACTORS.**

Not applicable, as we are a smaller reporting company.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

a) Issued and Outstanding:

On January 20, 2010, the Company executed a Share Cancellation Agreement with an entity controlled by the Company's former president for the re-purchase of 110,000,000 shares of the Company's common stock at a price of \$0.0001 per share for a total purchase price of \$5,000. The Company also executed a Return to Treasury Order representing the repurchased stock.

On January 22, 2010, the Company completed a 22-to-1 forward stock split-up, increasing the number of common shares issued and outstanding. The financial statements have retro-actively been adjusted to reflect this stock split-up for all periods presented.

On August 11, 2010, the Company authorized the total issuance of 1,100,000 shares of its restricted common stock to Access Alternative Group S.A. and/or assigns at its sole discretion pursuant to a consulting agreement with the Company.

b) Share Purchase Warrants

The Company's share purchase warrant activity for the period from March 16, 2006 (inception) to July 31, 2010 is as follows:

**ITEM 5. OTHER INFORMATION (continued)**

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
Balance, March 16, 2006 through October 31, 2009	-	\$ -	-
Granted during the period			
January 21, 2010	12,000,000	0.15	
January 21, 2010	12,000,000	0.20	
January 21, 2010	8,888,888	0.0001	
Balance, July 31, 2010	32,888,888	\$ 0.13	29.75 months

The following table provides certain information with respect to the above share purchase warrants that are outstanding and exercisable at July 31, 2010:

EXERCISE PRICES	WARRANTS OUTSTANDING AND EXERCISABLE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
\$ 0.15	12,000,000	29.75 months
\$ 0.20	12,000,000	29.75 months
\$ 0.0001	8,888,888	29.75 months
	32,888,888	

On January 21, 2010, the Company issued a series of stock purchase warrant agreements as follows:

- i) with twelve separate parties for the purchase of 1,000,000 shares of common stock of the Company each (12,000,000 shares total) at \$0.15 per share exercisable at any time prior to the termination date (or 36 months from the stock purchase warrant execution date).
- ii) with twelve separate parties for the purchase of 1,000,000 shares of common stock of the Company each (12,000,000 shares total) at \$0.20 per share exercisable at any time prior to the termination date (or 36 months from the stock purchase warrant execution date).
- iii) for the purchase of 8,888,888 shares of common stock of the Company at \$0.0001 per share exercisable at any time after the first 24 months from the date of execution of the warrant and prior to the termination date (or 36 months from the stock purchase warrant execution date).



## b) Share Purchase Warrants (Continued)

The fair value of share purchase warrants, currently exercisable and granted to secure future financings, is determined using the Black-Scholes option-pricing model. This fair value amounted to \$57,180. The following weighted-average assumptions were used:

Expected dividend yield	0%
Estimated share price volatility	120%
Risk-free interest rate	1.41%
Expected life of warrants	3 years

The Company has no stock option plan or other dilutive securities.

**ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.****Exhibit****Number Description**

3.1	Articles of Incorporation (filed as an exhibit to our Form SB-2 Registration Statement, filed on May 14, 2007)
3.2	Bylaws (filed as an exhibit to our Form SB-2 Registration Statement, filed on May 14, 2007)
3.3	Amended and Restated Bylaws (filed as an exhibit to our Quarterly Report on Form 10-QSB, filed on July 13, 2007)
3.4	Amended and Restated Articles (filed as an exhibit to our Annual Report on Form 10-K, filed on February 10, 2010)
3.5	Amended and Restated Bylaws (filed as an exhibit to our Annual Report on Form 10-K, filed on February 10, 2010)
14.1	Code of Ethics (filed as an exhibit to our Annual Report on Form 10-KSB filed on February 13, 2008)
<u>31.1*</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant Section 906 Certifications under Sarbanes-Oxley Act of 2002</u>
<u>99.1*</u>	<u>Audit Committee Charter</u>

\* Filed herewith.

**SIGNATURES**

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

**MOUNT KNOWLEDGE HOLDINGS, INC.**

By /s/ Daniel A. Carr  
 Daniel A. Carr  
 President, Treasurer, Chief Executive Officer  
 and Chief Financial Officer  
 (Principal Executive Officer, Principal Accounting  
 Officer and Principal Financial Officer)

Date: September 17, 2010