



INNOVIUM MEDIA PROPERTIES CORP.
FIRST QUARTER REPORT

2010

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

Innovium Media Properties Corp. ("Innovium" or the "Company") invests in prospective media opportunities possessing both proprietary/patented ideas or technologies and a strong management team. The Company's interests lie in "leading-edge" ideas with strong management and an achievable business plan. The investee company must be prepared to continuously re-assess its own business model and to tailor it to the ongoing needs of its target clients and markets.

Innovium's investment focus bears much risk and uncertainty. There is no guarantee, despite the best efforts of those involved that opportunities will mature into successful enterprises. There is no certainty that Innovium will be rewarded for the risk it takes in providing capital and oversight. There is no assurance that the market will recognize the intrinsic value of its investments and reflect that insight in Innovium's share price.

During the first quarter of 2010, Innovium continued its focus on Seed Media Group LLC ("Seed"), advancing funds when required and appropriate, helping to review and re-assess strategy and business direction and counselling on regulatory and governance matters. All of these activities were, and are, designed to create value.

While Management has always sought to reduce costs and minimize expenses, the current economic environment continues to cause Management to be extra vigilant. This environment has presented some opportunities to reduce costs. While not necessarily material in nature, Management believes that all monies saved can be better deployed towards the Company's investment focus.

Due to the nature of Innovium's business, there is nothing in the Company's operations that would suggest a general trend. The financial statements, while an accurate reflection of Innovium's financial position and operating results, do not reflect the potential value inherent in the Company's investments. The following is a discussion of the material factors influencing the operating results and financial condition of Innovium as at, and for, the period ended March 31, 2010 with comparatives as at, and for, the quarter ended March 31, 2009 and year ended December 31, 2009. This document should be read in conjunction with the financial statements of the Company and notes thereto as at, and for, the quarter ended March 31, 2010 and the year ended December 31, 2009 ("2009 Financials"). All figures are in Canadian dollars unless otherwise specified.

LIQUIDITY AND CAPITAL RESOURCES

Selected Financial Information

(in thousands of dollars, except ratios and shares issued and outstanding)

	Mar. 31, 2010	Dec. 31, 2009	Change
Cash and cash equivalents	34	10	+ 240%
Short-term investments	59	58	+ 2%
Venture investments ⁽¹⁾	14,061	14,328	- 2%
Total assets	14,290	14,557	- 2%
Total liabilities	2,490	2,040	+ 22%
Working capital	(17)	--	--
Current ratio ⁽²⁾	0 : 0.9	1.0 : 1	--
Shareholders' equity	11,800	12,517	- 6%
Shares issued and outstanding	103,337,214	103,337,214	--

⁽¹⁾ Venture investments include accrued interest and dividends on related debt instruments and preferred shares.

⁽²⁾ The Current Ratio is defined as current assets divided by current liabilities.

Total cash and cash equivalents at March 31, 2010 was \$34,000 compared to \$10,000 at December 31, 2009. Short-term investments are made up exclusively of a guaranteed investment certificate (“GIC”) with a principal balance at March 31, 2010 and March 31, 2009 of \$57,000. This GIC is included in “short-term investments” as it has an original maturity date greater than 90 days at the date of purchase.

Investing Activities

In the first quarter of 2010, Innovium advanced US\$137,500 to Seed as a Series C Preferred advance. These advances accrue interest at 12% per annum and, upon the second closing of the Series C Preferred financing, will accrue dividends at 12% per annum.

In the first quarter, Innovium collected \$20,000 from First Person Plural Inc. as a repayment of monies previously advanced.

In the first quarter of 2009, investors in Seed agreed to increase, to \$7 million, the 12% line of credit extended to Seed (“Seed Line of Credit”). Innovium advanced an additional US\$870,000 under the Seed Line of Credit and converted US\$31,250 of accounts receivable into the Seed Line of Credit.

In the first quarter of 2010, the Company recorded an unrealized foreign exchange loss of \$482,000 (unrealized foreign exchange gain of \$436,000 for the first three months of 2009) on its investment in Seed, which was partially offset by an unrealized gain of \$91,000 upon the conversion of its accrued interest balance into Seed Series C Preferred equity.

Financing Activities

In the first quarter of 2010, Innovium raised \$362,000 in the form of 3-year term loans bearing interest at 12% per annum. The Company has the option of repaying these loans in full, without penalty, after six months from the date of the advances. Subsequent to the quarter end, Innovium received advances totaling \$250,000 in the form of 3-year term loans bearing interest at 12% per annum. The Company has the option of repaying these loans in full, without penalty, after six months from the date of the advances.

In February 2009, Innovium raised \$700,000 in the form of a 3-year term loan bearing interest at 12% per annum. The Company has the option of repaying this loan in full, without penalty, at any time after August 27, 2009. The holder of this loan received 1.4 million warrants, each exercisable to acquire one common share at a price of \$0.10 per share for the first year the loan is outstanding and at \$0.15 per share for the second and third years that the loan is outstanding. Subsequent to quarter end, the terms of the warrants were amended such that each is exercisable to acquire one common share at a price of \$0.10 per share for the entirety of their existence. The warrants expire at maturity or 30 days from the earlier repayment date. In compliance with GAAP, the value of the warrants (\$30,000) was accounted as an increase in contributed surplus, with the balance presented as a long-term loan payable. The discount arising on issue of the loan is being amortized as interest expense over the life of the loan.

Share Capital and Outstanding Share Data

Innovium did not complete any equity financings during the first three months of 2010 or 2009.

As at May 26, 2010, the Company had 103,337,214 common shares issued and outstanding.

The breakdown of the 9,732,500 warrants outstanding at May 26, 2010 is as follows:

Expiry Date	Number of Warrants	Exercise Price
March 31, 2011	7,612,500	\$0.10
February 27, 2012	1,400,000	\$0.10
June 4, 2012	720,000	\$0.10

During the first quarter of 2010, Innovium had 1,160,000 stock options exercisable at \$0.10 per share expire. At May 26, 2010 Innovium had 10,175,000 stock options outstanding allowing the holders to purchase common shares of Innovium at prices ranging from \$0.10 to \$0.22 per share.

RESULTS OF OPERATIONS

Selected Financial Information

(in thousands of Canadian dollars, except per share amounts)

	Three months ended		Change
	March 31, 2010	March 31, 2009	
Unrealized gains (losses) on investments	(391)	436	- 190%
Interest and dividend income	2	302	- 99%
General and administrative expenses	273	352	- 22%
Interest expense	65	8	+ 713%
Net earnings	(717)	379	- 289%
Net earnings per share	(0.01)	0.00	

Interest income is accrued as earned and dividend income is recorded on the ex-dividend date or when the rights to dividends are established and reasonable assurance exists regarding measurement and collectability. Interest and dividends receivable are included in the fair value of investments as noted in Note 3 to the 2009 Financials. Effective January 1, 2010 Management ceased accruing interest and dividends from its investment in Seed for financial statement purposes. However, these amounts continue to accrue economically (i.e. these amounts are still owed to Innovium by Seed) to the Company. As a result, while \$341,000 of accrued dividends were earned by the Company, in the first quarter of 2010 Innovium recorded interest of only \$2,000 compared to \$302,000 of accrued dividends and interest recorded in the first quarter of 2009.

In the first quarter of 2010, the Company recorded an unrealized foreign exchange loss of \$482,000 (unrealized foreign exchange gain of \$436,000 for the first three months of 2009) on its investment in Seed. Innovium also recorded an unrealized gain of \$91,000 upon the conversion of its accrued interest balance into Seed Series C Preferred equity.

Compared to the first quarter of 2009, the Company experienced a 22% decrease in general and administrative costs in 2010 as consultants had been engaged for the purpose of accessing capital in 2009 as well as the irregularity of quarter versus quarter expenses.

Innovium had a 2010 first quarter net loss of \$717,000 compared to net earnings of \$379,000 in the first quarter of 2009. For the three months ended March 31, 2010, the Company recorded a negative operating cash flow, after changes in non-cash working capital items, of \$215,000 compared to a negative operating cash flow of \$277,000 for the first three months of 2009.

RELATED PARTY TRANSACTIONS

The Company reimbursed shareholders for shared office space and administrative services paid on Innovium's behalf. These payments were at rates believed by Management to be at market, and totalled \$58,500 in the first quarter of 2010 (Q1 2009 - \$58,500).

CONTRACTUAL OBLIGATIONS

As at March 31, 2010, the Company had entered into the following lease commitments for its office space and leased equipment (in thousands of Canadian dollars):

Balance of 2010	\$ 71
2011	94
2012	94
2013	94
2014	78
Thereafter	---
	\$ 431

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are described in Note 1 to the audited financial statements included in the annual report. The preparation of the financial statements in conformity with generally accepted accounting principals ("GAAP") in Canada requires management to make certain estimates and assumptions, some of which may relate to matters which are uncertain, which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Management attempts to base these estimates on known facts, industry trends, general economic realities and the realities of today's business environment. Because, by definition, the unknown is less predictable than the known, actual results could differ from those estimates. As more information becomes known, these estimates and assumptions could change and thus could have a material impact on the Company's financial condition and results of operations in the future.

The most significant estimate and assumptions used in preparing the financial statements are in respect of venture investments. Venture investments represent 98% of Innovium's asset balance at March 31, 2010 (98% at December 31, 2009, 98% at March 31, 2009). CICA Accounting Guideline 18, "Investment Companies", requires investment companies to account for their investments at fair value. A significant degree of judgment is required to determine amounts recorded in the financial statements for venture investments. The process for establishing the valuation for investments reflects uncertainties and significant judgmental factors. At the end of each financial reporting period, the Company's Management determines the valuation of investments based on the criteria below and reflects such valuations in the financial statements.

(i) Publicly traded investments

1. Securities which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on bid prices at the balance sheet date or the bid price on the last day the security traded if there were no trades at the balance sheet date.
2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. In accordance with International Private Equity and Venture Capital Valuation Guidelines completed in November 2005 ("IPEVCV Guidelines"), a discount of 5% to 25% is applied to all shares restricted from trading, dependent upon the length of the hold period.
3. Options and warrants are fair valued using the Modified Black-Scholes option/warrant pricing model. In accordance with IPEVCV Guidelines, a 25% discount is applied to all unlisted warrants and options, due to their decreased marketability.

(ii) Privately-held investments

1. Securities in privately-held companies are initially recorded at cost and subsequently valued at fair value. Fair value is adjusted upward or downward when supported by persuasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the Company's carrying value. Adjustments to carrying value are also made when there is evidence of a change in the fair value as indicated by the assessment of the financial condition of the investment based on corporate assets, operational results, forecasts and other developments.

- Options and warrants are valued at fair value using the Modified Black-Scholes option/warrant pricing model. At the time of a significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the Company's exercise price, the fair value of these options and warrants is then reassessed using the Modified Black-Scholes option/warrant pricing model. Adjustments to carrying value are also made when there is evidence of a change in the fair value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments since acquisition. In accordance with IPEVCV Guidelines, a 25% discount is applied to all unlisted warrants and options, due to their decreased marketability.

The resulting carrying values may differ from values that would be realized had a ready market existed. The amounts at which Innovium's privately held investments could be disposed of currently may differ from the carrying value assigned as a substantial period of time may have elapsed since the latest third party equity financing. The amounts at which Innovium's publicly traded investments could be disposed of currently may differ from carrying value based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors, such as premiums paid for large blocks or discounts due to illiquidity.

ACCOUNTING CHANGES

At March 31, 2010 the Company has developed a changeover plan to meet the timetable published by the CICA for changeover to International Financial Reporting Standards ("IFRS"). The changeover plan includes an assessment of the qualitative and quantitative impact of IFRS to the financial statements of the Company and the continued monitoring of changes to IFRS which impact the Company.

Innovium has determined that, upon adoption of IFRS, the Company will not be required to equity account or consolidate its investments and will be able to continue with its current accounting policies. The accounting standards for consolidation are constantly evolving and to the extent that amendments or interpretations are made to the existing standards the Company could possibly be required to equity account or consolidate certain investments which would have a material impact on measurement, presentation and disclosure in the financial statements. Fair value accounting and the potential equity accounting or consolidation of investments is an industry-wide issue and an evolving area of accounting which the Company will continue to monitor. Aside from this matter, the Company expects that the impact of IFRS on the financial statements will result in additional disclosures and potentially different presentation of certain items in the financial statements.

OUTLOOK

The venture capital sector is often highly rewarding, but with that reward comes considerable risk. For every success there are likely to be many enterprises that fail to live up to expectations. In spite of the occasional setback, Innovium evaluates these experiences and applies the lessons learned to its future investment activities. Early stage investors are, by their very nature, optimists, and Innovium is no exception. Innovium believes in the future of its investees and, by extension, the future of Innovium.

In 2010, Innovium has been able to access debt financing which has been used to increase its investment in Seed and meet its own working capital needs. Management continues to be confident in being able to raise capital as needed. In the future, cash inflows may be the result of other sources of revenues not yet codified, such as bridging or new royalty opportunities. Innovium will look to redeploy its cash resources into Seed. Innovium may also continue to raise additional funds through private placements for investment and general working capital purposes.

Innovium is one of a handful of substantial shareholders in Seed and each of these shareholders/entities is called upon, from time-to-time, for equity, bridge loans, operating lines, financial insight, etc. In the experience of Innovium's Management group this is one of the most difficult times to source capital of any sort. This is true for big-caps, small-caps, micro-caps, and is relatively sector insensitive. As a result, Seed, while continuing to expand its product lines and grow its business, has been attentive regarding its expenditures and carefully monitors its cash needs.

Innovium will continue to operate with a moderate overhead structure, maintaining a minimum number of management and staff. Directors receive no annual remuneration but are reimbursed for out-of-pocket expenditures incurred in the performance of their directorial responsibilities. Outside technical consultants and accounting personnel are contracted on an “as needed” basis.

Management will continue to divide its time and effort between diligently monitoring its current investments and identifying and sourcing new opportunities for future investment. Management plans to increasingly focus its attention on sourcing those opportunities that reflect Innovium’s investment criteria, capitalize on Management’s and its Board of Director’s expertise and have the greatest ability to enhance shareholder value.

RISK

The Company’s financial statements have been prepared on a “going concern” basis in accordance with Canadian GAAP. The “going concern” basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The ability of the Company to continue as a “going concern” and to realize its assets and discharge its liabilities is dependent on the ability of the Company to raise additional capital or realize on its investments. The financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

The future of the Company is based on the successful investment in opportunities. The success of this strategy is dependent on many components:

- a) being able to identify such opportunities;
- b) having sufficient management time to monitor and evaluate them;
- c) being able to acquire them on a timely and affordable basis;
- d) having sufficient capital to fund their commercialization;
- e) having sufficient management and/or other expertise to implement commercialization;
- f) having appropriate exit opportunities for the investment.

The Company’s investments in Seed are made in United States dollars, resulting in exposure to changes in the value of the United States dollar against the Canadian dollar. In the past, in order to mitigate foreign exchange risk, the Company has from time-to-time entered into forward foreign exchange contracts to hedge its foreign currency exposure. While no such contracts are currently in place, Innovium may consider entering into similar contracts in the future.

Innovium typically invests at an early enough stage where significant amounts of capital are not necessarily required but where responsiveness, flexibility, timeliness and networks represent a significant value added. The Company faces competition from its rivals, which include the relatively small divisions of large investment companies and banks that are significantly larger than Innovium. However, Management believes it has the flexibility and resources to compete with these companies in its targeted markets.

Management strongly believes that “quality investments” will make the difference in this endeavour. Due to the nature of its business, Innovium will always be exposed to the risks inherent in any investment portfolio. The Company manages this risk through thoughtful planning, strict investment criteria, due diligence of investment opportunities, high-quality co-investors, and, if appropriate, active, but non-operational, involvement with its investments.

You may find additional information on Innovium at www.sedar.com.

May 26, 2010

INNOVIUM MEDIA PROPERTIES CORP.

INTERIM (UNAUDITED) BALANCE SHEETS

As at March 31, 2010 and December 31, 2009

Expressed in thousands of Canadian dollars

	March 31, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 34	\$ 10
Accounts receivable and other assets	21	40
Short-term investments	59	58
	114	108
Venture investments (Note 3)	14,061	14,328
Capital assets, net	115	121
	\$ 14,290	\$ 14,557
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 131	\$ 108
	131	108
Term loans (Note 4)	2,256	1,829
Future tax liability	103	103
Subsequent events (Note 8)		
Shareholders' equity		
Share capital	26,661	26,661
Contributed surplus	1,192	1,192
Deficit	(16,053)	(15,336)
	11,800	12,517
	\$ 14,290	\$ 14,557

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

INNOVIUM MEDIA PROPERTIES CORP.
INTERIM (UNAUDITED)
STATEMENTS OF OPERATIONS AND DEFICIT

For the periods ended March 31, 2010 and 2009

Expressed in thousands of Canadian dollars, except per share amounts

	2010	2009
Unrealized gains (losses) on investments	\$ (391)	\$ 436
Interest and dividend income	2	302
	(389)	738
Expenses		
General and administrative	273	352
Interest	65	8
Depreciation and amortization	6	7
Foreign exchange gain	(16)	(8)
	328	359
Earnings (loss) before income taxes	(717)	379
Income taxes	---	---
Net earnings (loss)	\$ (717)	\$ 379
Deficit, beginning of period	(15,336)	(13,521)
Deficit, end of period	\$ (16,053)	\$ (13,142)
Basic and diluted earnings per share (Note 5)	\$ (0.01)	\$ 0.00

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

INNOVIUM MEDIA PROPERTIES CORP.

INTERIM (UNAUDITED) STATEMENTS OF CASH FLOWS

For the periods ended March 31, 2010 and 2009

Expressed in thousands of Canadian dollars

	2010	2009
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net earnings (loss) for the period	\$ (717)	\$ 379
Items not affecting cash:		
Unrealized (gains) losses on foreign exchange	482	(436)
Unrealized gains on investments	(91)	---
Accrued interest and dividends from investments	(2)	(306)
Accrued interest on notes payable	58	8
Amortization related to notes payable	7	---
Depreciation of capital assets	6	7
	(257)	(348)
Net change in non-cash working capital items:		
Accounts receivable and other assets	19	44
Accounts payable and accrued liabilities	23	27
	(215)	(277)
FINANCING ACTIVITIES		
Term loans	362	700
	362	700
INVESTING ACTIVITIES		
Sale of investments	20	113
Purchase of investments	(143)	(1,169)
	(123)	(1,056)
Net increase (decrease) in cash and cash equivalents	24	(633)
Cash and cash equivalents, beginning of period	10	731
Cash and cash equivalents, end of period	\$ 34	\$ 98

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

INNOVIUM MEDIA PROPERTIES CORP.

NOTES TO INTERIM (UNAUDITED) FINANCIAL STATEMENTS

March 31, 2010 and 2009

Expressed in Canadian dollars unless otherwise indicated

Innovium Media Properties Corp. (“Innovium” or the “Company”) is incorporated under the laws of Canada. Innovium invests in prospective media opportunities possessing both proprietary/patented ideas or technologies and a strong management team.

1. INTERIM CONSOLIDATED FINANCIAL STATEMENT PREPARATION

The disclosures in these interim financial statements do not meet all disclosure requirements of Canadian generally accepted accounting principles (“GAAP”) for annual financial statements. These interim financial statements should be read in conjunction with the annual financial statements of the Company and the notes thereto.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared by the Company in accordance with Canadian GAAP used for the annual financial statements for the year ended December 31, 2009. There have been no changes to the Company's accounting policies since December 31, 2009.

Effective January 1, 2010 Management ceased accruing interest and dividends from its investment in Seed Media Group, LLC (“Seed”) for financial statement purposes. However, these amounts continue to accrue economically (i.e. these amounts are still owed to Innovium by Seed) to the Company.

3. VENTURE INVESTMENTS

In the first quarter of 2010, Innovium advanced US\$137,500 to Seed as a Series C Preferred Share advance. These advances accrue interest at 12% per annum and, upon the second closing of the Series C Preferred Share financing, will accrue dividends at 12% per annum.

In the first quarter of 2010, the Company recorded an unrealized foreign exchange loss of \$482,000 (unrealized foreign exchange gain of \$436,000 for the first three months of 2009) on its investment in Seed. Innovium also recorded an unrealized gain of \$91,000 upon the conversion of its accrued interest balance into Seed Series C Preferred Share equity.

In the first quarter, Innovium collected \$20,000 from First Person Plural Inc. as a repayment of monies previously advanced.

4. TERM LOANS

In the first quarter of 2010, Innovium raised \$362,000 in the form of 3-year term loans bearing interest at 12% per annum. The Company has the option of repaying these loans in full, without penalty, after six months from the date of the advances.

5. EARNINGS (LOSS) PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the period (net of share purchase loans). Diluted earnings per share reflect the dilution that would occur if outstanding stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method. For the quarter ended March 31, 2010, the inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share had an anti-dilutive effect on loss per share and, therefore, were excluded from the computation. The weighted average number of shares outstanding used in the computation of basic and diluted earnings per share for the quarter ended March 31, 2010 was 103,337,214 (March 31, 2009 was 88,112,214).

6. CAPITAL RISK MANAGEMENT

The Company includes cash, debt and equity, comprised of issued common shares, notes, contributed surplus and deficit, in the definition of capital.

The Company's primary objectives with respect to its capital management are to ensure that it has sufficient cash resources to: (a) fund ongoing operations; (b) support existing investments; and (c) finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt instruments, or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2010.

7. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk and currency risk) and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by Innovium's Management under the direction of the Board of Directors. Management identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk:

Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash earns interest at market rates. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Innovium's interest rate risk on its GIC and cash balances is insignificant. Innovium's loan receivable or payable are, and have historically been, subject to fixed rates of interest, consequently the Company's exposure to interest rate risk is, and has historically been, insignificant. The sensitivity to interest rate fluctuations of Innovium's private debt investments is not considered by management to be significant as the investments are private in nature and the stated interest is but one input used in determining the valuation.

Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is Innovium's functional currency. Innovium is exposed to the risk that the value of cash, securities, investments and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's investment in Seed is a US dollar-based investment, which fair value fluctuates based on the Canadian dollar/US dollar exchange rate at any given time.

At March 31, 2010, the Company had \$7,500 denominated in US dollars (December 31, 2009 - \$nil). In the past, Innovium has entered into hedging contracts in order to eliminate uncertainty re foreign exchange fluctuations. The Company continually reviews its risk and may engage in future hedging if deemed appropriate.

The table below indicates Management's best estimate (in thousands of dollars), as at March 31, 2010 and December 31, 2009, of the effect on the Company's balance sheet to a change in the Canadian/US dollar exchange rate with all other variables held constant:

Asset	Change in foreign exchange rate	Affect on assets Mar. 31, 2010	Affect on assets Dec. 31, 2009
Cash	+/- 10 %	+/- \$nil	+/- \$nil
Investment in Seed	+/- 10 %	+/- \$1,423	+/- \$1,433

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2010, the Company had current liabilities of \$131,000 due within 12 months (December 31, 2009 - \$108,000) and had current assets of \$114,000 (December 31, 2009 - \$108,000) to meet its current obligations. Innovium has historically maintained a small cash balance and has arranged financing, as needed, for investment and/or general working capital needs.

(c) Credit risk:

Credit risk is the risk that the entity to which Innovium has advanced funds will fail to discharge the obligation or commitment it has entered into with the Company. Innovium has made loans to its investee companies and continuously evaluates the collectability of these amounts as part of its valuation analysis.

(d) Fair value measurements:

Management has determined that the Company does not possess any Level 1 financial instruments. Innovium's short-term investments are classified as Level 2 financial instruments. During the quarter ended March 31, 2010, the reconciliation of venture investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	<u>Venture Investments</u>
Balance, December 31, 2009	\$ 14,328
Purchase of investments	143
Collection of loan receivable	(20)
Unrealized gains on investments	91
Unrealized foreign exchange loss	(482)
Accrued interest and dividends	1
	<hr/>
Balance, March 31, 2010	<u>\$ 14,061</u>

8. SUBSEQUENT EVENTS

Subsequent to the quarter end, Innovium received advances totaling \$250,000 in the form of 3-year term loans bearing interest at 12% per annum. The Company has the option of repaying these loans in full, without penalty, after six months from the date of the advances.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.



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