



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 22, 2011

Dear Stockholder:

Notice is hereby given that the Annual Meeting of Stockholders (the "Annual Meeting") of Leatt Corporation, a Nevada corporation ("we" or the "Company"), will be held on Thursday, December 22, 2011, at 9:00 a.m., Eastern Time, at the Law Offices of PW Richter, plc, located at 7505 Digby Green, Alexandria, Virginia 22315, USA, for the following purposes:

1. To elect four (4) directors to the Board of Directors, each for a one-year term to end at the 2012 annual meeting of Stockholders. The Company nominees, being the four incumbent directors, are: Dr. Christopher Leatt, Sean Macdonald, Jeffrey Guzy and Zafiris M. Zafirooulos;
2. To ratify the selection of Fitzgerald & Co., CPAs, PC ("Fitzgerald"), as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To ratify the adoption of the Company's 2011 Equity Incentive Plan ("2011 Plan"), which 2011 Plan would provide incentive compensation in the form of stock options, stock grants and other stock-based incentive compensation for eligible members of Company management;
4. To authorize the amendment of the Company's Amended and Restated Articles of Incorporation to effect a Reverse Split of the Company's Common Stock at a ratio of between 1-for-5 and 1-for-25 (the "Reverse Split"), to be determined by the Company's Board of Directors on or before December 22, 2012; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

If you owned our common stock at the close of business on November 1, 2011, you may attend and vote at the Annual Meeting.

Details regarding admission to the Annual Meeting and the business to be presented at the Annual Meeting can be found in the accompanying Notice of Annual Meeting and Proxy Statement (the "Proxy Materials"). Copies of the Proxy Materials, including the Company's audited consolidated financial statements for the years ended December 31, 2010 and 2009 are also available for review before the Annual Meeting at www.proxyvote.com, and during the Annual Meeting at www.virtualshareholdermeeting.com/LEATT2011.

Your vote is important. Whether or not you are able to join us or participate in the web cast, it is important that your vote be represented at the Annual Meeting by proxy. Please follow the instructions in the Notice and vote as soon as possible.

Sincerely,

/s/ Sean Macdonald
Sean Macdonald
Chief Executive Officer



PROXY STATEMENT

The Board of Directors (the "Board") of Leatt Corporation, a Nevada corporation is furnishing this Proxy Statement and the accompanying proxy to you to solicit your proxy for the 2011 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will be held on Thursday, December 22, 2011, at 9:00 a.m., Eastern Time, at the Law Offices of PW Richter, plc, located at 7505 Digby Green, Alexandria, Virginia 22315, USA.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is this proxy statement? The Board has provided you with these proxy materials in connection with its solicitation of proxies by the Company to be voted at the Annual Meeting. You may attend the Annual Meeting online (see attached instruction sheet on web cast). Please note that throughout these proxy materials we may refer to Leatt Corporation as "the Company," "we," "us," or "our."

What is the purpose of the Annual Meeting? At the Annual Meeting, our stockholders will act upon the matters described in these Proxy Materials. These actions include the election of directors; the ratification of the appointment of our independent registered public accounting firm (which we sometimes refer to as the "independent auditors"); the ratification of our 2011 Plan; and the authorization of the Reverse Split. An additional purpose of the Annual Meeting is to transact any other business that may properly come before the Annual Meeting and any and all adjournments or postponements of the Annual Meeting.

What are the Board's recommendations? Our Board recommends that you vote:

- **FOR** election of the nominated directors;
- **FOR** ratification of Fitzgerald as the Company's independent auditors for the fiscal year ending December 31, 2011;
- **FOR** ratification of the 2011 Plan; and
- **FOR** authorization of the Reverse Split.

Will there be any other business on the agenda? The Board knows of no other matters that are likely to be brought before the Annual Meeting. If any other matters properly come before the Annual Meeting, however, the persons named in the enclosed proxy, or their duly appointed substitute acting at the Annual Meeting, will be authorized to vote or otherwise act on those matters in accordance with their judgment.

Who Can Vote? Only holders of record of the Common Stock and holders of record of the Preferred Stock as of November 1, 2011, which we refer to as the Record Date, will be entitled to attend and vote at the Annual Meeting or any adjournment thereof. As of the record date, there were 131,167,225 shares of Common Stock were issued, outstanding and entitled to vote and 3,000,000 shares of Preferred Stock were issued, outstanding and entitled to vote as 300,000,000 shares of Common Stock. No other class of voting securities is outstanding on the date of mailing of this proxy statement. Each share of Common Stock has one (1) vote and each share of Preferred Stock has one hundred (100) votes per share. The Common Stock and Preferred Stock vote as a single class under the Amended and Restated Articles of Incorporation; provided, however, the two classes must approve a proposal voting as separate classes. We do not believe that any of the proposals adversely affects one class of voting securities more than the other class.

How You Can Vote: You may attend the Annual Meeting and vote your shares in person at the Annual Meeting and prior to the closing of the polls. You may also grant your proxy to vote by telephone or through the Internet (see enclosed

instruction sheet), or by returning a signed, dated and marked proxy card if you received a paper copy of the proxy card in the enclosed self addressed, stamped envelope. Proxies that are sent to us and not voted in person at the Annual Meeting must be received by us at least one (1) day prior to the Annual Meeting date, being December 21, 2011.

What constitutes a quorum? A quorum is the presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Capital Stock is necessary to constitute a quorum at the Annual Meeting (as calculated on November 1, 2011). That means that proxies for 215,583,611 shares of Common Stock (including Preferred Stock voting as Common Stock) must be present at the Annual Meeting in order to have a quorum and conduct the Annual Meeting.

If you are the beneficial owner of shares held in “street name” by a broker or bank or a nominee (collectively, a “broker”), your broker, as the record holder of the shares, must vote those shares in accordance with your instructions. A brokerage firm may give a proxy to vote its customer’s stock without customer instructions if the brokerage firm (i) transmitted proxy materials to the beneficial owner of the stock, (ii) did not receive voting instructions by the date specified in the statement accompanying the proxy materials, (iii) has no knowledge of any contest with respect to the actions to be taken at the stockholders’ meeting and (iv) such actions are adequately disclosed to Stockholders. A brokerage firm may not vote its customers’ stock without instructions from the customer if the vote concerns the election of directors or an authorization for a merger, consolidation or any matter that could substantially affect the rights or privileges of the stock. Abstentions and broker non-votes are counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business.

Brokers are not permitted to vote on the election of directors without instructions from the beneficial owner. If your shares are held in the name of your broker or in “Street Name,” then you need to communicate your voting instructions to the broker. Unless you vote your shares or instruct your broker on how to vote, your shares will not be voted in the election of directors as set forth under Proposal 1 below.

The affirmative vote of a plurality (more than 50%) of the votes cast at the Annual Meeting will be required for approval of all the proposals.

IF YOU DULY SUBMIT A PROXY BUT DO NOT SPECIFY HOW YOU WANT TO VOTE, YOUR SHARES OF COMMON STOCK WILL BE VOTED AS OUR BOARD RECOMMENDS, WHICH IS:

- **“FOR” the election of each of the four nominees for director as set forth under Proposal 1 below;**
- **“FOR” the ratification of the appointment of Fitzgerald & Co., CPAs, PC, as our independent registered public accounting firm for fiscal year 2011 as described in Proposal 2 below;**
- **“FOR” the ratification of the 2011 Plan in Proposal 3; and**
- **“FOR” the proposed Reverse Split in Proposal 4.**

How to revoke or change your vote: To revoke a proxy previously submitted by telephone, Internet or mail, simply submit a new proxy at a later date before the taking of the vote at the Annual Meeting, in which case, the later submitted proxy will be recorded and the earlier proxy will be revoked. If you are not attending the Annual Meeting, you need to send your new proxy to us before December 22, 2011.

Is my vote confidential? Proxy instructions, ballots and voting tabulations that identify individual Stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except:

- as necessary to meet applicable legal requirements;
- to allow for the accurate and efficient tabulation and certification of votes; and
- to facilitate a successful proxy solicitation.

How can I learn the results of the vote? The vote will be posted on our website: <http://www.leatt-corp.com> within five (5) days after the date of the Annual Meeting.

Do I have dissenter's rights in respect of the proposed Reverse Split? The Company does not believe that Stockholders have dissenter's or appraisal rights as a result of an approved and effective Reverse Split under the laws of the State of Nevada.

Are any of the Company's Officers and Directors interested in matters to be acted upon? Except with respect to the approval of the 2011 Plan which will provide incentives to the Company's officers, directors and consultants, none of the Company's officers or directors has any interest in any of the matters to be acted upon, except to the extent that a director is named as a nominee for election to the Board of Directors.

Who paid for this proxy solicitation? The cost of preparing, printing, assembling and mailing this proxy statement and other material furnished to stockholders in connection with the solicitation of proxies is borne by us.

What is "householding?" We may deliver a single proxy statement to an address shared by two or more of our stockholders. This method of delivery, known as "householding," permits us to realize significant cost savings, reduces the amount of duplicate information stockholders receive, and reduces the environmental impact of printing and mailing documents to you. Under this process, certain stockholders of record who do not participate in electronic delivery of proxy materials will receive only one copy of our proxy materials and any additional proxy materials that are delivered until such time as one or more of these stockholders notifies us that they want to receive separate copies. Any stockholders who wish to opt out of, or wish to begin, householding may contact us through one of the methods provided below.

Can I receive future stockholder communications electronically through the Internet? Yes. You may elect to receive future notices of meetings and proxy materials electronically through the Internet. To consent to electronic delivery, vote your shares using the Internet. At the end of the Internet voting procedure, the on-screen Internet voting instructions will tell you how to request future stockholder communications be sent to you electronically. Once you consent to electronic delivery, you must vote your shares using the Internet and your consent will remain in effect until withdrawn. You may withdraw this consent at any time during the voting process and resume receiving stockholder communications in print form.

Whom may I contact for further assistance? If you have any questions about giving your proxy or require any assistance in connection with any other matter related to the Company, please contact us :

IN THE U.S.A.

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IN SOUTH AFRICA

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ADJOURNMENTS AND POSTPONEMENTS

Any action on the items of business described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting may be properly adjourned or postponed.

IMPORTANT NOTICE ABOUT SECURITY

All Annual Meeting attendees may be asked to present a valid, government-issued photo identification (South African Government or Provincial, or U.S. federal, state or local), such as a driver's license or passport, and proof of beneficial ownership if you hold your shares through a broker before entering the Annual Meeting. Attendees may be subject to security inspections. Video and audio recording devices and other electronic devices will not be permitted at the Annual Meeting. The Company reserves the right to remove from the Annual Meeting any disruptive attendee. Rules of conduct issued by the Company will apply to this Annual Meeting, but not any third party rules such as *Robert's Rules of Order*.

PRINCIPAL STOCKHOLDERS

Our Common Stock is quoted on the electronic bulletin board operated by The OTC Markets Group, Inc. under the trading symbol “Leat.pk.” Our Preferred Stock is not publicly traded or quoted. The following table sets forth information as of November 29, 2011, as to the beneficial ownership of our Common Stock and Preferred Stock, in each case, by: (1) each beneficial owner of more than 5% of the outstanding shares; (2) ownership by members of management; and (3) ownership by management as a group.

<u>Title of Class</u>		<u>Name & Address of Beneficial Owner</u>	<u>Office, If Any</u>	<u>Amount and Nature of Beneficial Ownership</u> ⁽²⁾	<u>Percent of Class</u> ⁽³⁾
<u>Common Stock, \$0.001 par value</u>	<u>Class A Voting Convertible Preferred Stock, \$0.001 par value</u> ⁽¹⁾				
Officers and Directors					
X	-	Dr. Christopher J. Leatt	Founder, Innovation Officer and Chairman	49,847,564	38 %
-	X			2,400,000	80.0%
X	-	Jeffrey J. Guzy	Director	666,666	0.5%
-	-	Sean Macdonald	Chief Executive Officer, President and Director	-0-	-
		Zafiris M. Zafiroopoulos	Director	1,369,578	1%
X	-	All officers and directors as a group (persons named above)		51,883,808	39.5%
-	X			3,000,000	80.0%
5% Shareholders					
X	-	Jean-Pierre De Villiers	Advisor	12,207,915	9.4%
-	X			600,000	20.0%
X		Alfred Bjorn Christensen		11,520,000	8.9%

(1) *The Preferred Stock votes with the Common Stock at a vote of 100-for-one, subject to adjustments resulting from the Reverse Split. The Preferred Stock has priority over the Common Stock in any liquidation preferences but no dividend rights (except as may be declared by the Board). The Common Stock has dividend rights in respect of any dividend distributions when and if declared and paid by the Company. The Common Stock has a claim to any liquidation distribution, subject to the priority claim of the Preferred Stock. No dividends have been paid to date on any securities. There are no other classes of equity securities authorized and issued.*

(2) *Beneficial Ownership is determined in accordance with the rules of the U.S. Securities and Exchange Commission or “SEC” and generally includes voting or investment power with respect to securities. Each of the beneficial owners listed above has direct ownership of and sole voting power and investment power with respect to the shares of our common stock.*

(3) *As of the date of this Notice, the Company has 728,000,000 authorized shares of capital stock divided into 700,000,000 authorized shares of Common Stock with 131,167,225 shares of Common Stock issued and outstanding and 28,000,000 authorized shares of serial preferred stock with 3,000,000 shares of Preferred Stock issued and outstanding. For each Beneficial Owner above, any options exercisable within 60 days have been included in the denominator.*

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors is responsible for establishing broad corporate policies and monitoring the overall performance of the Company. It selects the Company’s executive officers, delegates authority for the conduct of the Company’s day-to-day operations to those officers, and monitors their performance. Members of the Board keep themselves informed of the Company’s business by participating in Board and Committee meetings, by reviewing analyses and reports, and through discussions with the Chairman and other officers.

There are currently four directors serving on the Board and at the Annual Meeting, four directors will be elected. The individuals who have been nominated for election to the Board at the Annual Meeting are listed in the table below. Each of the nominees is a current director of the Company.

If, as a result of circumstances not now known or foreseen, any of the nominees is unavailable to serve as a nominee for director at the time of the Annual Meeting, the holders of the proxies solicited by this Proxy Statement may vote those proxies either (i) for the election of a substitute nominee who will be designated by the proxy holders or by the present Board or (ii) for the balance of the nominees, leaving a vacancy. Alternatively, the size of the Board may be reduced accordingly. The Board has no reason to believe that any of the nominees will be unwilling or unable to serve, if elected as a Director. The 4 nominees for election as directors are uncontested. In uncontested elections, directors are elected by plurality of the votes cast at the Annual Meeting. **Proxies submitted on the accompanying proxy card will be voted for the election of the nominees listed below, unless the proxy card is marked otherwise.**

The Board of Directors recommends a vote FOR the election of the nominees listed below.

NOMINEES

The names, the positions with the Company and the ages as of the Record Date of the individuals who are our nominees for election as directors are:

Name	Age	Position with the Company	Term as Director of Company
Dr. Christopher Leatt	43	Chairman	2005 – Present
Sean Macdonald	34	Director	2010 – Present
Jeffrey Guzy	59	Director	2009 – Present
Zafiris (“Jeff”) M. Zafiroopoulos*	60	Director	October 2011 – Present

* Mr. Zafiroopoulos is an “independent” director, within the meaning of the listing rules of The NASDAQ Stock Market, LLC.

DR. CHRISTOPHER LEATT: Dr. Leatt, aged 43, has served as a director since 2005. Dr. Chris Leatt (MB ChB) studied medicine at the University of Cape Town and completed his internship in the United Kingdom before returning to South Africa to pursue his career in medicine. He held positions in General Surgery and General Medicine/Geriatrics/Gastroenterology before becoming a General Medical Practitioner and Chairman of ERIPO (Eerste River Independent Practitioners Association), an organization formed to look after both the Medical and Business interests of forty Independent Practitioners. Dr. Leatt then worked in casualty/trauma at various hospitals before becoming a surgical medical officer. A brief stint as an Orthopedic registrar at Groote Schuur Hospital preceded his post as Neurosurgery Registrar at the Department of Neurosurgery, Tygerberg Academic Hospital. Dr. Leatt’s duties as a surgical registrar in this discipline included ward work, High-Care duties, evaluation of referrals, outpatient consultations, emergency and elective surgery, logbook of all surgical procedures completed. He resigned from his post in Neurosurgery in order to develop and study the benefits and viability of a neck protection system (the Leatt-Brace®) for helmet clad sport and recreational users in an attempt to reduce devastating neck injuries. Dr. Leatt has actively participated in competitive cross-country motorcycle endurance races as well as Super Sport track racing. When not racing, he was often involved in medical coverage of events.

SEAN MACDONALD: Mr. MacDonald, CA (SA), aged 34, has served as a director since 2010. Mr. Macdonald is the current Chief Executive Officer and President of the Company as well as handling the duties of Chief Financial Officer since 2009. Mr. Macdonald is a graduate of the University of Cape Town where he completed a Bachelor of Commerce degree with a double major in Finance and Information Systems. He then completed a Post Graduate Diploma in Accounting before commencing his 3 years of articles at KPMG in Cape Town. Mr. Macdonald passed Part 1 and Part 2 of the external board exam on his first attempt in order to qualify as a registered Chartered Accountant in South Africa. Prior to joining the Company, Mr. Macdonald was the Chief Financial Officer of the largest bicycle retailer in South Africa. He held this post for 5 years and was responsible for operational, financial and strategic leadership of the business including the implementation of a franchise model in order to grow the business.

JEFFREY GUZY: Mr. Guzy, aged 59, has served as a director since 2009 and serves as a business development consultant and entrepreneur in Arlington, Virginia, and as an independent director of CHDT Corporation, a Florida public corporation. Prior to that, Mr. Guzy served, from 2005 to 2009 as the Company’s President. Mr. Guzy has a MBA in Strategic Planning and Management from The Wharton School of the University of Pennsylvania; a M.S. in Systems Engineering from the

University of Pennsylvania; a B.S. in Electrical Engineering from Penn State University; and an Associate Degree in Theology from Georgetown University. Mr. Guzy has served as an executive manager or consultant in business development, sales, customer service or management in the telecommunications industry, specifically, with IBM Corp., RCA Corp., Sprint International, Bell Atlantic Video Services, Loral Cyberstar and Facilicomm International, and has also started his own telecommunications company providing Internet services in Western Africa.

ZAFIRIS (“Jeff”) M. ZAFIROPOULOS, aged 60, has served as a director since October 2011 and serves as the Executive Director of Time Quantum, a Midrand, South Africa systems developer serving the financial and banking industries. Prior to joining Time Quantum, Mr. Zafirooulos served as an executive director and chief executive officer of Crux Technologies in Midrand, South Africa; and as sales and marketing director for Cephass Computer Services in Midrand, South Africa. Mr. Zafirooulos has a Bachelor of Science in Computer Science and Applied Mathematics from University of the Witwatersrand in South Africa and a Master of Business from School of Business in South Africa.

The Board has identified particular qualifications, attributes, skills and experience that are important to be represented on the board as a whole, in light of our current needs and business priorities. The Board believes that each director nominee is a recognized person of high integrity with a proven record of success in his or her field. Each director nominee demonstrates innovative thinking, familiarity with and respect for corporate governance requirements and practices, an appreciation of multiple cultures and a commitment to the business and operations of the Company. In addition to the foregoing qualifications, the Board has assessed the intangible qualities including the director nominee’s ability to ask difficult questions and, simultaneously, to work collegially. The Board also considers diversity of age, cultural background and professional experiences in evaluating candidates for Board membership. Diversity is important because a variety of points of view contribute to a more effective decision-making process.

All directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. There are no arrangements or understandings between any of the nominees, directors or executive officers and any other person pursuant to which any of our nominees, directors or executive officers have been selected for their respective positions. No nominee, member of the Board or executive officer is related to any other nominee, member of the Board of Directors or executive officer.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors recommends a vote FOR the ratification of the selection of Fitzgerald as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2011.

The Board has selected the firm of Fitzgerald & Co., CPAs, PC, the current auditor of the Company, to serve as the Company’s independent registered public accountant for the fiscal year ending December 31, 2011. Fitzgerald was the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2010.

We are asking our stockholders to ratify the selection of Fitzgerald as our independent registered public accounting firm. Although ratification is not required by our bylaws or otherwise, the Board is submitting the selection of Fitzgerald to our stockholders for ratification as a matter of good corporate practice. In the event our stockholders fail to ratify the appointment, the Board may reconsider this appointment.

The Company has been advised by Fitzgerald that neither the firm nor any of its associates had any relationship with the Company other than the usual relationship that exists between independent registered public accountant firms and their clients during the last fiscal year. Representatives of Fitzgerald are expected to attend the Annual Meeting with the opportunity to make a statement and/or respond to appropriate questions from shareholders present at the Annual Meeting.

Fitzgerald has been the Company’s auditors since 2009 and has audited the Company’s financial statements on an annual basis. Their fee for performing the 2010 annual audit was \$86,692 (including travel to South Africa). They have performed tax services for the Company in 2011 at a total fee of \$7,500 for preparing 2010 U.S. tax returns and \$1,638 for tax consulting services. Fitzgerald’s offices are located at 7900 Westpark Dr., Ste.T600, McLean, Virginia 22102, USA. Their telephone and fax numbers are (703) 847-4600 and (703) 356-4821, respectively, and their website is accessible via <http://www.fscpas.com>.

PROPOSAL 3

RATIFICATION OF 2011 EQUITY INCENTIVE PLAN

The Board of Directors recommends a vote FOR the approval of the 2011 Equity Incentive Plan

On December 6, 2011, our Board of Directors ratified the adoption of the 2011 Plan. The following is a summary of the material provisions of the 2011 Plan. The full text of the 2011 Plan is attached as Appendix A, hereto. Capitalized terms in this summary that are not defined have the meaning as provided in the 2011 Plan.

Summary of the 2011 Plan

Purpose. The purposes of the 2011 Plan are: to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants, and to promote the success of the Company's business. The 2011 Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares as the Administrator may determine.

Administration. The 2011 Plan may be administered by the Board or a committee thereof. The 2011 Plan is currently being administered by the Board (referred to in this section as the "Administrator"). The Administrator has the authority to determine the specific terms and conditions of all awards granted under the 2011 Plan, including, without limitation, the number of shares subject to each award, the price to be paid for the shares and the applicable vesting criteria. The Administrator has discretion to make all other determinations necessary or advisable for the administration of the 2011 Plan.

Eligibility. Non-qualified Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares may be granted to an employee, director or consultant (together referred to as "Service Providers") of the Company. Incentive Stock Options may be granted only to Employees.

Stock Available for Issuance under the 2011 Plan. Subject to adjustment as described below, (a) the maximum aggregate number of Shares that may be issued under the 2011 Plan is six million, five hundred thousand (6,500,000) Shares (b) to the extent consistent with Section 422 of the United States Internal Revenue Code (the "Code"), not more than an aggregate of 6,500,000 Shares may be issued under Incentive Stock Options, (c) not more than 1,950,000 Shares (or for Awards denominated in cash, the Fair Market Value of 1,950,000 Shares on the Grant Date), may be awarded to any individual Participant in the aggregate in any one fiscal year of the Company, such limitation to be applied in a manner consistent with the requirements of, and only to the extent required for compliance with, the exclusion from the limitation on deductibility of compensation under Code Section 162(m), and (d) to the extent consistent with Section 422 of the Code, not more than an aggregate of 6,500,000 Shares may be issued under Incentive Stock Options. The number and class of shares available under the 2011 Plan are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events which change the number or kind of shares outstanding.

Vesting and Option Periods. The Administrator, in its sole discretion, may impose conditions on vesting of Shares of Restricted Stock as it may deem advisable or appropriate, including but not limited to, achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed. The Administrator may, in its discretion, provide for complete or partial exceptions to an employment restriction as it deems equitable. Unless terminated sooner in accordance with the 2011 Plan, each Option shall expire either ten (10) years after the Grant Date, or after a shorter term as may be fixed in the award agreement.

Transferability. Unless determined otherwise by the Administrator, an Award made under the 2011 Plan may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator grants a transferable Award, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

Option Grants. An option is the right to purchase shares of common stock at a future date at a specified price. An option may either be an incentive stock option, as defined in the Code, or a nonqualified stock option. An incentive stock option may not be granted to a person who owns more than 10% of the total combined voting power of all classes of stock unless the

exercise price is at least 110% of the fair market value of shares of common stock subject to the option (compared to 100% of fair market value for persons holding less than 10%) and such option by its terms is not exercisable after expiration of five (5) years from the date such option is granted (compared to 10 years for persons holding less than 10%). To the extent that the aggregate Fair Market Value of the stock underlying an incentive stock option that first become exercisable in any calendar year exceeds \$100,000, such options will be treated as nonqualified stock options.

Full payment to the Company in an amount equal to the exercise price of the options being exercised must be made at the time of such exercise by (i) cash, (ii) check, (iii) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, a promissory note, (iv) other Shares, provided Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option will be exercised (v) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, consideration received by the Company pursuant to a broker-assisted cashless exercise program, (vi) Shares withheld by the Company from the total number of shares to be delivered upon exercise equal to the value of the aggregate exercise price of the Shares being acquired, (vii) any combination of the foregoing methods of payment, or (viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

Restricted Stock Awards. The Administrator may, in its discretion, award restricted shares to Service Providers and may determine the number of restricted shares awarded and the terms and conditions of, and the amount of payment, if any, to be made by the recipient for such restricted shares. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed. The Administrator, in its sole discretion, may impose such conditions on the vesting of Shares of Restricted Stock as it may deem advisable or appropriate, including but not limited to, achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion. The Administrator may, in its discretion, provide for complete or partial exceptions to an employment restriction as it deems equitable. During the Period of Restriction, Service Providers holding Shares of Restricted Stock may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator determines otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

Restricted Stock Units. A Restricted Stock Unit is the right to receive one Share at the end of a specified period of time. The Administrator may, in its discretion, award Restricted Stock Units to Service Providers in such number and upon such terms and conditions as determined by the Administrator. Restricted Stock Units are paid out upon the satisfaction of applicable vesting conditions, as determined by the Administrator. The Administrator may, at its discretion, reduce or waive an of the vesting criteria that must be met to receive a payout. The Administrator may, at its discretion, pay Restricted Stock Units in cash, shares or a combination thereof. Restricted Stock Units that are paid in cash will not reduce the number of shares available for issuance under the 2011 Plan. On the date set forth in the award agreement, all unearned Restricted Stock Units are forfeited to the Company.

Stock Appreciation Rights. The Administrator may, in its discretion, award Stock Appreciation Rights (“SARs”) to Service Providers in such number and upon such terms and conditions as determined by the Administrator. The per share exercise price for the exercise of a SAR will be no less than the Fair Market Value per share on the grant date. A SAR will expire upon the date determined by the Administrator, at its discretion, and set forth in the award agreement. Upon exercise of a SAR, the recipient of the SAR is entitled to receive payment in an amount no greater than (i) the difference between the Fair Market Value of a share on the exercise date over the exercise price; times (ii) the number of shares with respect to which the SAR is exercised. At the discretion of the Administrator, the payment upon exercise of a SAR may be in cash, shares of equivalent value or some combination thereof.

Performance Units and Performance Shares. The Administrator may, in its discretion, award Performance Units or Performance Shares to Service Providers in such number and upon such terms and conditions as determined by the Administrator. Each Performance Unit will have an initial value established by the Administrator, at its discretion, on or before the grant date. Each Performance Share will have an initial value equal to the Fair Market Value of a share on the grant date. The Administrator shall, at its discretion, determine the performance objectives or other vesting provisions which will determine the number or value of the Performance Units or Shares granted. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares will be entitled to receive a payout of the number of Performance Units or Performance Shares earned by the holder over the Performance Period as determined by the extent to

which performance objectives were achieved. At the discretion of the Administrator, the payment upon earned Performance Units or Performance Shares may be in cash, shares of equivalent value or some combination thereof. On the date set forth in the award agreement, all unearned or unvested Performance Units or Performance Shares will be forfeited to the Company and again be available for grant under the 2011 Plan.

Adjustments, Dissolution, Liquidation, Merger or Change in Control. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, Reverse Split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended under the 2011 Plan, shall adjust the number and class of Shares that may be delivered under the 2011 Plan and/or the number, class, and price of Shares covered by each outstanding Award.

In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

In the event of a merger or Change in Control, any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to shareholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event that the successor corporation does not assume or substitute for the Award, unless the Administrator provides otherwise, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and SARs, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or SAR is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or SAR will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or SAR will terminate upon the expiration of such period.

An Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Termination of or Amendments to the 2011 Plan. The authority to grant new awards under the 2011 Plan will terminate on the earlier of the close of business on December 31, 2021, or the date on which all shares available for issuance are granted under the 2011 Plan, unless the 2011 Plan is terminated prior to that time by the Board of Directors. No amendment, alteration, suspension or termination of the 2011 Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the 2011 Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted prior to the date of such termination. The Board may at any time amend, alter, suspend or terminate the 2011 Plan, provided that the Company will obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

U.S. Federal Income Tax Consequences

The following discussion is a short summary of the federal income tax consequences relating to awards under the 2011 Plan. The discussion is based upon interpretations of the Code in effect as of December 2011, and regulations promulgated thereunder as of such date. The discussion is designed to provide a general understanding of our company's interpretation of the federal income tax consequences and does not address any state or local tax consequences. The discussion is limited to the federal income tax consequences for individuals who are U.S. citizens or residents for U.S. federal income tax purposes. The summary does not purport to address all tax considerations that may be relevant. Awards under the 2011 Plan are not intended to result in the deferral of compensation within the meaning of Section 409A of the Code, and this summary is

based on the assumption that Section 409A does not apply. Each participant is urged to consult his or her own tax advisor as to the specific tax consequences to such participant of the grant of an award, the vesting or exercise of an award, and the disposition of common stock that may be issued pursuant to an award.

Incentive Stock Options. Generally, a participant will not recognize income upon a grant or exercise of an Incentive Stock Option. At exercise, however, the excess of the Fair Market Value of the shares acquired upon such exercise over the option price is an item of adjustment in computing the participant's alternative minimum taxable income. If the participant holds the stock received upon exercise of an Incentive Stock Option for at least two years from the grant date and one year from the date of exercise, any gain realized on a disposition of the stock is treated as long-term capital gain. If the participant sells the stock received upon exercise prior to the expiration of such periods (a "disqualifying disposition"), the participant will recognize ordinary income in the year of the disqualifying disposition equal to the excess of the Fair Market Value of such stock on the exercise date over the option price (or, if less, the excess of the amount realized upon disposition over the option price). The excess, if any, of the sale price over the Fair Market Value on the exercise date will be short-term capital gain.

Our Company is not entitled to a tax deduction as the result of the grant or exercise of an incentive stock option. If the participant has ordinary income as compensation as a result of a disqualifying disposition, our Company is entitled to a deduction at the same time equal to the amount of ordinary income realized by the participant, assuming the deduction is allowed by Section 162(m) of the Code.

Nonqualified Stock Options. Generally, a participant will not recognize income, and our Company is not entitled to a deduction, upon a grant of a Nonqualified Stock Option. On exercise, a participant will recognize as ordinary income the difference between the exercise price and the Fair Market Value of the shares on the exercise date, unless the shares are subject to any restrictions on the participant's ownership or disposition thereof. At the time the participant recognizes income, our Company is entitled to a deduction at the same time equal to the amount of ordinary income realized by the participant, assuming the deduction is allowed by Section 162(m) of the Code. Upon disposition of the shares acquired by exercise of the Option, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

Stock Appreciation Rights. Generally, a participant will not recognize income, and our Company is not entitled to a deduction, upon a grant of a Stock Appreciation Right. When a participant exercises a Stock Appreciation Right, the amount of cash and the Fair Market Value of the shares received will be ordinary income to the participant and will be deductible by our company to the extent allowed by Section 162(m) of the Code. Upon disposition of any shares acquired by exercise of a Stock Appreciation Right, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

Restricted Stock. Generally, a participant will not recognize income, and our Company is not entitled to a deduction, upon a grant of Restricted Stock. A participant may make an election under Section 83(b) of the Internal Revenue Code to be taxed on the difference between the purchase price of the award and the Fair Market Value of the award on the grant date. Otherwise, upon the lapse of restrictions on Restricted Stock, the participant generally recognizes ordinary compensation income equal to the Fair Market Value of the shares as of the delivery date or release less the purchase price (if any) paid by the participant. When the participant recognizes ordinary income, the amount recognized by the participant will be deductible by our company to the extent allowed by Section 162(m) of the Code. Upon disposition of any shares acquired through Restricted Stock awards, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

Restricted Stock Units. Generally, a participant will not recognize income, and our Company is not entitled to a deduction, upon a grant of Restricted Stock Units. Upon the delivery to the participant of common shares or cash in respect of Restricted Stock Units, the participant generally recognizes ordinary compensation income equal to the Fair Market Value of the shares as of the date of delivery or the cash amount less the purchase price (if any) paid by the participant. When the participant recognizes ordinary income, the amount recognized by the participant will be deductible by our company to the extent allowed by Section 162(m) of the Code. Upon disposition of any shares acquired through a Restricted Stock Unit award, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

Performance Units and Performance Share Awards. Generally, a participant will not recognize income, and our Company is not entitled to a deduction, upon a grant of a Performance Unit or a Performance Share award. Generally, at the time a

Performance Unit or Performance Share award is settled, following the determination that the performance targets have been achieved, the Fair Market Value of the stock delivered on that date, plus any cash that is received, constitutes ordinary income to the participant, and, provided the requirements of Section 162(m) of the Code are met, our Company is entitled to a deduction for that amount. Upon disposition of any shares acquired through a Performance Unit or Performance Share Award, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

Withholding. Our Company generally must collect and pay withholding taxes upon the exercise of a Nonqualified Stock Option or Stock Appreciation Right, upon the earlier of the filing of a Section 83(b) election or upon the release of restrictions on Restricted Stock, and at the time that Restricted Stock Units, Performance Shares or Performance Units are settled by delivering stock or cash to a participant.

PROPOSAL 4

AUTHORIZATION OF REVERSE SPLIT

The Board seeks approval to amend the Company’s Amended and Restated Articles of Incorporation to (a) effect a Reverse Split of the Company’s Common Stock at a ratio that will be determined by the Board, but shall be no less than a one-for-five (1:5) and no greater than a one-for-25 (1:25) reverse split (the “Reverse Split”) and (b) decrease the authorized shares of the Company’s Common Stock and Preferred Stock in accordance with any such ratio (the “Authorized Share Reduction”); provided, however, that such approval shall expire on December 22, 2012, the 12-month anniversary of the Annual Meeting.

Reasons for the Reverse Split and Authorized Share Reduction

The Board authorized the submission of the Reverse Split to the Stockholders with a view to increasing the per share trading price and liquidity of our Common Stock. The Board expects that the Reverse Split will allow a broader range of institutions to invest in the Common Stock (namely, institutional investors and funds that are prohibited from buying stocks with a price below a certain threshold), and thereby increase the number of eligible investors and in turn potentially increase the trading volume and liquidity of our Common Stock. The Board also expects that the Reverse Split will increase the attraction of stock analysts and brokers to the Company’s Common Stock as their policies usually discourage or ban them from following or recommending companies with low market stock prices. The Board is not aware of any current coverage of the Company by industry analysts.

We cannot assure you that the market price per share of our common stock after the Reverse Split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the Reverse Split. Furthermore, we can offer no assurance that the Reverse Split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase thereafter or that the market price of our Common Stock will not decrease in the future or even fall to or below pre-Reverse Split levels. While reducing the number of outstanding shares of our Common Stock through the Reverse Split is intended, absent other factors and in part, to seek an increase in the per share market price of our Common Stock, many factors affect the market price of our Common Stock post-Reverse Split, including our financial results, market conditions, industry conditions, changes in consumer demand, technology changes, general economic conditions and the market perception of our business and industry which may affect our ability to obtain and retain active market maker support for our Common Stock. Absent such support, the market value of the Common Stock may quickly or over time fall to pre-Reverse Split market price levels.

Effects of the Reverse Split and Authorized Share Reduction

If the Company receives the required Stockholder approval of Proposal 4, the Board will have the sole authority to elect, at any time prior to December 22, 2012: (1) whether or not to amend the Articles to effect the Reverse Split and Authorized Share Reduction, and (2) if so, the number of whole shares of Common Stock between five and twenty five, depending on the selected ratio, which will be combined into one share of Common Stock, and the number of shares of Common Stock which will be authorized by such amendment of the Articles. The following table is for illustration purposes only:

	Pre-Reverse Split	1:5 Reverse Split	1:10 Reverse Split	1:20 Reverse Split	1:25 Reverse Split
Authorized	700,000,000	140,000,000	70,000,000	35,000,000	28,000,000
Issued and Outstanding	131,167,225	26,233,445	13,116,722.5	6,558,361.25	5,246,689
Issued and					

Outstanding Held by Public Stockholders	69,111,746	13,822,349.2	6,911,174.6	3,455,587.3	2,764,469.84
Issued and Outstanding Held by Two Founders	62,055,479	12,411,095.8	6,205,547.9	3,102,773.95	2,482,219.16

If the Board elects to consummate the Reverse Split, the Board will also effect the Authorized Share Reduction to the number of authorized shares of Common Stock corresponding to such Reverse Split ratio. If the Board elects to effect the Reverse Split and selects a ratio other than one of the ratios set forth in the above table, there will be a proportional decrease in the number of outstanding and authorized shares of Common Stock.

Effect on the Preferred Stock. Both the outstanding and authorized Preferred Stock will be affected by the Reverse Split as the shares of Common Stock issuable upon conversion of the Preferred Stock will be adjusted downward to reflect the ratio of the Reverse Split. The par value of the Company's Common Stock and Preferred Stock will remain the same.

Regulatory Effects. The Common Stock is not currently registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Company is not subject to the periodic reporting and other requirements of the Exchange Act. As such, there are no filings made with the U. S. Securities and Exchange Commission or any other securities regulatory authority, except the FINRA, which has to review and approve the new trading symbol for the Common Stock and the effective trading date for the post-Reverse Split Common Stock.

The Proposed Reverse Split May Decrease the Liquidity of the Company's Stock. The liquidity of the Common Stock may be harmed by the proposed Reverse Split given the reduced number of shares that would be outstanding after the Reverse Split, particularly if the stock market price does not increase as a result of the Reverse Split. While the Company believes the Reverse Split will actually provide a number of shares of Common Stock outstanding that is manageable and more suitable to promoting investment in the Common Stock, such an adverse impact on the liquidity is a possibility.

Board Discretion to Implement the Reverse Split. If the Reverse Split is approved by the Company's Stockholders, it will be effected, if at all, only upon a determination by the Board that a Reverse Split is in the best interests of the Company and its Stockholders at the time of such determination, which determination must be made prior to the next annual meeting of stockholders. The Board may decide that the Reverse Split will not provide the intended benefits and abandon the Reverse Split or the Board may conclude that the Reverse Split is not necessary to achieve the desired goals of enhance liquidity for the Common Stock.

Abandonment. Notwithstanding approval of the Reverse Split by the Stockholders, the Board may, in its sole discretion, abandon the proposed amendment to the Articles and determine not to effect the Reverse Split as permitted under Nevada laws. If the Board does not implement the Reverse Split prior to the one-year anniversary of the Annual Meeting, stockholder approval would be required again prior to implementing any Reverse Split.

Amendment Effective Time. The effective date of the Reverse Split and the Authorized Share Reduction will be the date on which the Amendment to the Articles to effect the amendments contemplated by Proposal 4 is accepted and recorded by the Nevada Secretary of State (subject to any specific future time of effectiveness stated therein) in accordance with Nevada laws, and the approval by FINRA of a new trading symbol and effective date of the Reverse Split. However, the exact timing of the filing of the amendment will be determined by the Board based on its evaluation as to when such action will be the most advantageous to the Company and its Stockholders. Except as explained below with respect to fractional shares, on the effective date of the amendment to effect the Reverse Split, shares of Common Stock issued and outstanding immediately prior thereto will be combined and converted, automatically and without any action on the part of the Stockholders, into new shares of Common Stock in accordance with the Reverse Split ratio determined by the Board within the limits set forth in this Proposal 4.

Stockholders' Equity. Following the effectiveness of the amendment to the Articles, the stated capital on the Company's balance sheet and the additional paid-in capital account, in each case, attributable to the Common Stock, will be adjusted to reflect the Reverse Split. The par value per share of the Common Stock will remain unchanged at \$0.001 per share after the Reverse Split. As a result, on the effective date of the Reverse Split, the stated capital on the Company's consolidated balance sheet attributable to Common Stock will be reduced and the additional paid-in-capital account will be increased by the amount by which the stated capital is reduced. Per share net income or loss will be increased because there will be fewer shares of the Common Stock outstanding. The Company does not anticipate that any other accounting consequences, including changes to the amount of stock-based compensation expense to be recognized in any period, will arise as a result of the Reverse Split.

Procedure for Effecting the Reverse Split and Exchange of Stock Certificates

If the Reverse Split and Authorized Share Reduction are approved by the Stockholders, the Reverse Split and Authorized Share Reduction would become effective on upon the filing of the Amendment by the Company with the Nevada Secretary of State and compliance with FINRA requirements (the "Effective Date"), and all of the Company's issued and outstanding Common Stock will be converted into new Common Stock as set forth in the Amendment. As soon as practicable after the effective date of the Reverse Split, Stockholders will be notified that the Reverse Split and Authorized Share Reduction have been consummated.

On the Effective Date, the determined shares of Common Stock will automatically be combined and changed into one share of Common Stock. No additional action on our part or any stockholder will be required in order to effect the Reverse Split. Certificates that represent pre-Reverse Split shares will automatically, and without any action on the part of any person, represent the post-split equivalent of such pre-Reverse Split shares following the Effective Date. Any fractional shares of post-Reverse Split Common Stock will be rounded up to the nearest whole share.

We will obtain a new CUSIP number for our Common Stock at the time of the Reverse Split and the decrease in authorized shares. Subject to the provisions for elimination of fractional shares, as described above, consummation of the Reverse Split will not result in a change in the relative equity position or voting power of the holders of Common Stock and Preferred Stock. The number of stockholders will remain unchanged as a result of the Reverse Split.

NO REPLACEMENT CERTIFICATES WILL BE ISSUED TO STOCKHOLDERS IN CONNECTION WITH THE REVERSE SPLIT. THE CHANGE WILL OCCUR ON THE BOOKS OF THE COMPANY'S TRANSFER AGENT.

The Company intends for the Reverse Split to treat stockholders holding the Company's Common Stock in street name through a nominee (such as a bank or broker) in the same manner as stockholders whose shares are registered in their names. Nominees will be instructed to effect the Reverse Split for their beneficial holders by making the appropriate adjustment to the number of shares held in such accounts.

There are no arrears in dividends or defaults in principal or interest in respect to the securities which are to be exchanged.

U.S. Federal Income Tax Consequences of the Reverse Split

The combination of shares of pre-Reverse Split Common Stock into one share of post-Reverse Split Common Stock should be a tax-free transaction under the Code, and the holding period and tax basis of the pre-Reverse Split Common Stock will be transferred to the post-Reverse Split Common Stock.

The foregoing discussion should not be considered as tax or investment advice, and the tax consequences of the Reverse Split may not be the same for all stockholders. Stockholders should consult their own tax advisors to know their individual U.S. federal, state, local and foreign tax consequences. Foreign stockholders need to consult their tax advisors as this section does not apply to them.

Accounting Matters of the Reverse Split

The par value per share of the Company's Common Stock would remain unchanged after the Reverse Split. As a result, on the effective date of the Reverse Split, the stated capital on the balance sheet attributable to the Common Stock will be reduced proportionally, based on the exchange ratio of the Reverse Split, from its present amount, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per share net income or loss and net book value of the Common Stock will be restated because there will be fewer shares of the Common Stock outstanding.

STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING

If you wish to have a proposal included in our proxy statement for next year's annual meeting, your proposal must be received by the Company at one of the addresses provided herein, no later than the close of business on September 30, 2012. A proposal which is received after that date or which otherwise fails to meet the requirements for stockholder proposals established by Rule 14a-8 under the Exchange Act which will be applied by the Company, will be disregarded. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement.

FINANCIAL INFORMATION

The Company's audited consolidated financial statements for the years ended December 31, 2010 and 2009 are included in these Proxy Materials. The Company's unaudited interim financial statements for the nine months ended September 30, 2011 are located at http://www.leatt-corp.com/stat_financial.htm. A hardcopy of such reports will be sent without charge to any Stockholder of record upon request sent to the Company's Secretary by email at LaraPretorius@leatt-brace.com, or by mail to Corporate Secretary, Leatt Corporation, 50 Kiepersol Crescent, Atlas Gardens, Durbanville, South Africa, 7550, Telephone: +27 21 557 7257. A request may also be sent to Leatt Corporation, c/o PW Richter, 3901 Dominion Townes Circle, Richmond, Virginia 23223, prosage@comcast.net, Fax: (804) 644-2181 and Telephone: (804) 644-2182.

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors has no knowledge of any business which will be presented for consideration at the Annual Meeting other than the election of directors and the ratification of the appointment of the accountants of the Company. Should any other matters be properly presented, it is intended that the enclosed proxy card will be voted in accordance with the best judgment of the persons voting the proxies.

December 6, 2011

By Order of the Board of
Directors

/s/ Sean Macdonald

Sean Macdonald
Chief Executive Officer

APPENDICES

The following documents are appended to this information statement:

Appendix A	Leatt Corporation 2011 Equity Incentive Plan
Appendix B	Leatt Corporation Consolidated Financial Statements For The Years Ended December 31, 2010 And 2009

APPENDIX A

Leatt Corporation 2011 Equity Incentive Plan

(see attached)

LEATT CORPORATION
2011 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. Leatt Corporation, a Nevada corporation (the “Company”) hereby establishes the LEATT CORPORATION 2011 EQUITY INCENTIVE PLAN (the “Plan”). The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants, and to promote the long-term growth and profitability of the Company. The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares as the Administrator may determine.

2. Definitions. The following definitions will apply to the terms in the Plan:

“Administrator” means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4.

“Applicable Laws” means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

“Award” means, individually or collectively, a grant under the Plan of Options, SARs, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

“Award Agreement” means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

“Board” means the Board of Directors of the Company.

“Change in Control” means the occurrence of any of the following events:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; provided however, that for purposes of this subsection (i) any acquisition of securities directly from the Company shall not constitute a Change in Control; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” means directors who either (A) are Directors as of the effective date of the Plan, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in

connection with an actual or threatened proxy contest relating to the election of directors to the Company); or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

For avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is the change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

“Code” means the Internal Revenue Code of 1986, as amended. Any reference in the Plan to a section of the Code will be a reference to any successor or amended section of the Code.

“Committee” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

“Common Stock” means the common stock of the Company.

“Company” means Leatt Corporation, a Nevada corporation, or any successor thereto.

“Consultant” means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

“Director” means a member of the Board.

“Disability” means total and permanent disability as determined by the Administrator in its discretion in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

“Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute “employment” by the Company.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation any division or subdivision of the Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, including without limitation quotation through the over the counter bulletin board (“OTCBB”) quotation service administered by the Financial Industry Regulatory Authority (“FINRA”), the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator, and to the extent Section 15 applies (a) with respect to ISOs, the Fair Market Value shall be determined in a manner consistent with Code section 422 or (b) with respect to NSOs or SARs, the Fair Market Value shall be determined in a manner consistent with Code section 409A.

“Fiscal Year” means the fiscal year of the Company.

“Grant Date” means, for all purposes, the date on which the Administrator determines to grant an Award, or such other later date as is determined by the Administrator, provided that the Administrator cannot grant an Award prior to the date the material terms of the Award are established. Notice of the Administrator’s determination to grant an Award will be provided to each Participant within a reasonable time after the Grant Date.

“Incentive Stock Option” or “ISO” means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

“Nonstatutory Stock Option” or “NSO” means an Option that by its terms does not qualify or is not intended to qualify as an ISO.

“Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

“Option” means a stock option granted pursuant to the Plan.

“Optioned Shares” means the Common Stock subject to an Option.

“Optionee” means the holder of an outstanding Option.

“Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

“Participant” means the holder of an outstanding Award.

“Performance Share” means an Award denominated in Shares which may vest in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

“Performance Unit” means an Award which may vest in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

“Period of Restriction” means the period during which Shares of Restricted Stock are subject to forfeiture or restrictions on transfer pursuant to Section 7.

“Plan” means this 2011 Equity Incentive Plan.

“Restricted Stock” means Shares awarded to a Participant which are subject to forfeiture and restrictions on transferability in accordance with Section 7.

“Restricted Stock Unit” means the right to receive one Share at the end of a specified period of time, which right is subject to forfeiture in accordance with Section 8 of the Plan.

“Rule 16b-3” means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3.

“Section” means a paragraph or section of this Plan.

“Section 16(b)” means Section 16(b) of the Exchange Act.

“Service” shall mean service as an Employee, Director or Consultant.

“Service Provider” means an Employee, Director or Consultant.

“Share” means a share of the Common Stock, as adjusted in accordance with Section 13.

“Stock Appreciation Right” or “SAR” means the right to receive payment from the Company in an amount no greater than the excess of the Fair Market Value of a Share at the date the SAR is exercised over a specified price fixed by the Administrator in the Award Agreement, which shall not be less than the Fair Market Value of a Share on the Grant Date. In the case of a SAR which is granted in connection with an Option, the specified price shall be the Option exercise price.

“Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

“Ten Percent Owner” means any Service Provider who is, on the grant date of an ISO, the owner of Shares (determined with application of ownership attribution rules of Code Section 424(d)) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries.

3. Stock Subject to the Plan.

- a. Stock Subject to the Plan. Subject to the provisions of Section 13, the maximum aggregate number of Shares that may be issued under the Plan is Six Million, Five Hundred Thousand (6,500,000) Shares. The Shares may be authorized but unissued, or reacquired Common Stock.
- b. Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited in whole or in part to the Company, the unpurchased Shares (or for Awards other than Options and SARs, the forfeited or unissued Shares) which were subject to the Award will become available for future grant or sale

under the Plan (unless the Plan has terminated). With respect to SARs, only Shares actually issued pursuant to a SAR will cease to be available under the Plan; all remaining Shares subject to the SARs will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares withheld by the Company to pay the exercise price of an Award or to satisfy tax withholding obligations with respect to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan.

- c. Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

- a. Procedure. The Plan shall be administered by the Board or a Committee (or Committees) appointed by the Board, which Committee shall be constituted to comply with Applicable Laws. If and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, the Board shall consider in selecting the Administrator and the membership of any committee acting as Administrator the requirements regarding: (i) “nonemployee directors” within the meaning of Rule 16b-3 under the Exchange Act; (ii) “independent directors” as described in the listing requirements for any stock exchange on which Shares are listed; and (iii) Section 15(b)(i) of the Plan, if the Company pays salaries for which it claims deductions that are subject to the Code section 162(m) limitation on its U.S. tax returns. The Board may delegate the responsibility for administering the Plan with respect to designated classes of eligible Participants to different committees consisting of two or more members of the Board, subject to such limitations as the Board or the Administrator deems appropriate. Committee members shall serve for such term as the Board may determine, subject to removal by the Board at any time.
- b. Powers of the Administrator. Subject to the provisions of the Plan and the approval of any relevant authorities, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:
 - i. to determine the Fair Market Value;
 - ii. to select the Service Providers to whom Awards may be granted hereunder;
 - iii. to determine the number of Shares to be covered by each Award granted hereunder;
 - iv. to approve forms of agreement for use under the Plan;
 - v. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to,

the exercise price, the time or times when Awards may be exercised (which may be based on continued employment, continued service or performance criteria), any vesting acceleration (whether by reason of a Change of Control or otherwise) or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, will determine;

vi. to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan, including the right to construe disputed or doubtful Plan and Award provisions;

vii. to prescribe, amend and rescind rules and regulations relating to the Plan;

viii. to modify or amend each Award (subject to Section 19(c)) to the extent any modification or amendment is consistent with the terms of the Plan. The Administrator shall have the discretion to extend the exercise period of Options generally provided the exercise period is not extended beyond the earlier of the original term of the Option or 10 years from the original grant date, or specifically (1) if the exercise period of an Option is extended (but to no more than 10 years from the original grant date) at a time when the exercise price equals or exceeds the fair market value of the Optioned Shares or (2) an Option cannot be exercised because such exercise would violate Applicable Laws, provided that the exercise period is not extended more than 30 days after the exercise of the Option would no longer violate Applicable Laws.

ix. to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 14;

x. to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

xi. to delay issuance of Shares or suspend Participant's right to exercise an Award as deemed necessary to comply with Applicable Laws; and

xii. to make all other determinations deemed necessary or advisable for administering the Plan.

c. Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards. Any decision or action taken or to be taken by the Administrator, arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations, shall, to the maximum extent permitted by Applicable Laws, be within its absolute discretion (except as otherwise specifically provided in the Plan) and shall be final, binding and conclusive upon the Company, all Participants and any person claiming under or through any Participant.

5. Eligibility. NSOs, Restricted Stock, Restricted Stock Units, SARs, Performance Units and Performance Shares may be granted to Service Providers. ISOs may be granted as specified in Section 15(a).

6. Stock Options.

a. Grant of Options. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Options to Service Providers in such amounts as the

Administrator will determine in its sole discretion. For purposes of the foregoing sentence, Service Providers shall include prospective employees or consultants to whom Options are granted in connection with written offers of employment or engagement of services, respectively, with the Company; provided that no Option granted to a prospective employee or consultant may be exercised prior to the commencement of employment or services with the Company. The Administrator may grant NSOs, ISOs, or any combination of the two. ISOs shall be granted in accordance with Section 15(a) of the Plan.

b. Option Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the type of Option granted, the Option price, the exercise date, the term of the Option, the number of Shares to which the Option pertains, and such other terms and conditions (which need not be identical among Participants) as the Administrator shall determine in its sole discretion. If the Award Agreement does not specify that the Option is to be treated as an ISO, the Option shall be deemed a NSO.

c. Exercise Price. The per Share exercise price for the Shares to be issued pursuant to exercise of an Option will be no less than the Fair Market Value per Share on the Grant Date.

d. Term of Options. The term of each Option will be stated in the Award Agreement. Unless terminated sooner in accordance with the remaining provisions of this Section 6, each Option shall expire either ten (10) years after the Grant Date, or after a shorter term as may be fixed by the Board. Each Award Agreement shall set forth the extent to which the Option may be exercised following termination of Service. Each Award Agreement shall provide the holder with the right to exercise the Option following the Service Provider's termination of Service during the Option term, to the extent the Option was exercisable for vested Shares upon termination of Service, for at least thirty (30) days if termination of Service is due to any reason other than cause (as defined for this purpose by applicable law, the terms of the Award Agreement or a contract of employment), death or Disability, and for at least six (6) months after termination of Service if due to death or Disability (but in no event later than the expiration of the Option term). If Service is terminated for cause, the Award Agreement may provide that the right to exercise the Option terminates immediately on the effective date of termination of Service. To the extent the Option was not exercisable for vested Shares upon termination of Service, the Option shall terminate on the date of termination of Service. Subject to the foregoing, such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

e. Time and Form of Payment.

i. Exercise Date. Each Award Agreement shall specify how and when Shares covered by an Option may be purchased. The Award Agreement may specify waiting periods, the dates on which Options become exercisable or "vested" and, subject to the termination provisions of this section, exercise periods. The Administrator may accelerate the exercisability of any Option or portion thereof.

ii. Exercise of Option. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (1) notice of exercise (in such form as the Administrator specify from time to time) from the person entitled to exercise the Option, and (2) full payment for the Shares with respect to which the Option is exercised (together with all applicable withholding taxes). Full

payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan (together with all applicable withholding taxes). Shares issued upon exercise of an Option will be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Optioned Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13.

iii. Payment. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of:

- (1) cash;
- (2) check;
- (3) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, a promissory note;
- (4) other Shares, provided Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option will be exercised;
- (5) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, in accordance with any broker-assisted cashless exercise procedures approved by the Company and as in effect from time to time;
- (6) by asking the Company to withhold Shares from the total Shares to be delivered upon exercise equal to the number of Shares having a value equal to the aggregate Exercise Price of the Shares being acquired;
- (7) any combination of the foregoing methods of payment; or
- (8) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

f. Forfeiture of Options. All unexercised Options shall be forfeited to the Company in accordance with the terms and conditions set forth in the Award Agreement and again will become available for grant under the Plan.

7. Restricted Stock.

a. Grant of Restricted Stock. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Restricted Stock Award Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

c. Vesting Conditions and Other Terms.

i. Vesting Conditions. The Administrator, in its sole discretion, may impose such conditions on the vesting of Shares of Restricted Stock as it may deem advisable or appropriate, including but not limited to, achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed. The Administrator may, in its discretion, also provide for such complete or partial exceptions to an employment or service restriction as it deems equitable.

ii. Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

iii. Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator determines otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

iv. Transferability. Except as provided in this Section, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

d. Removal of Restrictions. All restrictions imposed on Shares of Restricted Stock shall lapse and the Period of Restriction shall end upon the satisfaction of the vesting conditions imposed by the Administrator. Vested Shares of Restricted Stock will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine, but in no event later than the 15th day of the third month following the end of the year in which vesting occurred.

e. Forfeiture of Restricted Stock. On the date set forth in the Award Agreement, the Shares of Restricted Stock for which restrictions have not lapsed will be forfeited and revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

a. Grant of Restricted Stock Units. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Stock Units to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Restricted Stock Units Award Agreement. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the number of Restricted Stock Units granted, vesting criteria, form of payout, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.

c. Vesting Conditions. The Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion. At any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

d. Time and Form of Payment. Upon satisfaction of the applicable vesting conditions, payment of vested Restricted Stock Units shall occur in the manner and at the time provided in the Award Agreement, but in no event later than the 15th day of the third month following the end of the year in which vesting occurred. Except as otherwise provided in the Award Agreement, Restricted Stock Units may be paid in cash, Shares, or a combination thereof at the sole discretion of the Administrator. Restricted Stock Units that are fully paid in cash will not reduce the number of Shares available for issuance under the Plan.

e. Forfeiture of Restricted Stock Units. All unvested Restricted Stock Units shall be forfeited to the Company on the date set forth in the Award Agreement and again will become available for grant under the Plan.

9. Stock Appreciation Rights.

a. Grant of SARs. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant SARs to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Award Agreement. Each SAR grant will be evidenced by an Award Agreement that will specify the exercise price, the number of Shares underlying the SAR grant, the term of the SAR, the conditions of exercise, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.

c. Exercise Price and Other Terms. The per Share exercise price for the exercise of an SAR will be no less than the Fair Market Value per Share on the Grant Date.

d. Term of SARs. The term of each SAR will be stated in the Award Agreement. Unless terminated sooner in accordance with the remaining provisions of this Section 9, each SAR shall expire either ten (10) years after the Grant Date, or after a shorter term as may be fixed by the Board. Each Award Agreement shall set forth the extent to which the SAR may be exercised following termination of Service. Each Award Agreement shall provide the holder with the right to exercise the SAR following the Service Provider's termination of Service during the SAR term, to the extent the SAR was vested upon termination of Service, for at least thirty (30) days if termination of Service is due to any reason other than cause (as defined for this purpose by applicable law, the terms of the Award Agreement or a contract of employment), death or Disability, and for at least six (6) months after termination of Service if due to death or Disability (but in no event later than the expiration of the SAR term). If Service is terminated for cause, the Award Agreement may

provide that the right to exercise the SAR terminates immediately on the effective date of termination of Service. To the extent the SAR was not vested upon termination of Service, the SAR shall terminate on the date of termination of Service. Subject to the foregoing, such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

e. **Time and Form of Payment of SAR Amount.** Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount no greater than: (i) the difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times (ii) the number of Shares with respect to which the SAR is exercised. An Award Agreement may provide for a SAR to be paid in cash, Shares of equivalent value, or a combination thereof.

f. **Forfeiture of SARs.** All unexercised SARs shall be forfeited to the Company in accordance with the terms and conditions set forth in the Award Agreement and again will become available for grant under the Plan.

10. Performance Units and Performance Shares.

a. **Grant of Performance Units and Performance Shares.** Performance Units or Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

b. **Award Agreement.** Each Award of Performance Units and Shares will be evidenced by an Award Agreement that will specify the initial value, the Performance Period, the number of Performance Units or Performance Shares granted, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.

c. **Value of Performance Units and Performance Shares.** Each Performance Unit will have an initial value that is established by the Administrator on or before the Grant Date. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the Grant Date.

d. **Vesting Conditions and Performance Period.** The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals or any other basis determined by the Administrator in its discretion.

e. **Time and Form of Payment.** After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares will be entitled to receive a payout of the number of vested Performance Units or Performance Shares by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. Vested Performance Units or Performance Shares will be paid as soon as practicable after the expiration of the applicable Performance Period, but in no event later than the 15th day of the third month following the end of

the year the applicable Performance Period expired. An Award Agreement may provide for the satisfaction of Performance Unit or Performance Share Awards in cash or Shares (which have an aggregate Fair Market Value equal to the value of the vested Performance Units or Performance Shares at the close of the applicable Performance Period) or in a combination thereof.

- f. Forfeiture of Performance Units and Performance Shares. All unvested Performance Units or Performance Shares will be forfeited to the Company on the date set forth in the Award Agreement, and again will become available for grant under the Plan.
11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise or as required by Applicable Laws, vesting of Awards will be suspended during any unpaid leave of absence. An Employee will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary.
12. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate, and transfers will be permitted only to a revocable trust or to one or more family members or a trust established for the benefit of the Participant and/or one or more family members to the extent permitted by Rule 701 of the Securities Act.
13. Adjustments; Dissolution or Liquidation; Merger or Change in Control.
- a. Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, shall appropriately adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award.
- b. Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.
- c. Change in Control. In the event of a merger or Change in Control, any or all outstanding Awards may be assumed by the successor corporation, which assumption shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to vesting requirements and repurchase restrictions no less favorable to the Participant than those in effect prior to the merger or Change in Control.

In the event that the successor corporation does not assume or substitute for the Award, unless the Administrator provides otherwise, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and SARs, including Shares as to which such Awards

would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or SAR is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or SAR will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or SAR will terminate upon the expiration of such period.

For the purposes of this Section 13(c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a SAR upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or SAR or upon the payout of a Restricted Stock Unit, Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Restricted Stock Units and Performance Units, the number of implied shares determined by dividing the value of the Restricted Stock Units and Performance Units, as applicable, by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

14. Tax Withholding.

a. Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes required by Applicable Laws to be withheld with respect to such Award (or exercise thereof).

b. Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be

withheld at the time the election is made. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

15. Provisions Applicable In the Event the Company or the Service Provider is Subject to U.S. Taxation.

a. Grant of Incentive Stock Options. If the Administrator grants Options to Employees subject to U.S. taxation, the Administrator may grant such Employee an ISO and the following terms shall also apply:

i. Maximum Amount. Subject to the provisions of Section 13, to the extent consistent with Section 422 of the Code, not more than an aggregate of Six Million, Five Hundred Thousand (6,500,000) Shares may be issued as ISOs under the Plan.

ii. General Rule. Only Employees shall be eligible for the grant of ISOs.

iii. Continuous Employment. The Optionee must remain in the continuous employ of the Company or its Subsidiaries from the date the ISO is granted until not more than three months before the date on which it is exercised. A leave of absence approved by the Company may exceed ninety (90) days if reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the ninety-first (91st) day of such leave any ISO held by the Optionee will cease to be treated as an ISO.

iv. Award Agreement.

(1) The Administrator shall designate Options granted as ISOs in the Award Agreement. Notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which ISOs are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), Options will not qualify as an ISO. For purposes of this section, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(2) The Award Agreement shall specify the term of the ISO. The term shall not exceed ten (10) years from the Grant Date or five (5) years from the Grant Date for Ten Percent Owners.

(3) The Award Agreement shall specify an exercise price of not less than the Fair Market Value per Share on the Grant Date or one hundred ten percent (110%) of the Fair Market Value per Share on the Grant Date for Ten Percent Owners.

(4) The Award Agreement shall specify that an ISO is not transferable except by will, beneficiary designation or the laws of descent and distribution.

- v. Form of Payment. The consideration to be paid for the Shares to be issued upon exercise of an ISO, including the method of payment, shall be determined by the Administrator at the time of grant in accordance with Section 6(e)(iii).
 - vi. “Disability”, for purposes of an ISO, means total and permanent disability as defined in Section 22(e)(3) of the Code.
 - vii. Notice. In the event of any disposition of the Shares acquired pursuant to the exercise of an ISO within two years from the Grant Date or one year from the exercise date, the Optionee will notify the Company thereof in writing within thirty (30) days after such disposition. In addition, the Optionee shall provide the Company with such information as the Company shall reasonably request in connection with determining the amount and character of Optionee’s income, the Company’s deduction, and the Company’s obligation to withhold taxes or other amounts incurred by reason of a disqualifying disposition, including the amount thereof.
- b. Performance-based Compensation. If the Company pays salaries for which it claims deductions that are subject to the Code Section 162(m) limitation on its U.S. tax returns, then the following terms shall be applied in a manner consistent with the requirements of, and only to the extent required for compliance with, the exclusion from the limitation on deductibility of compensation under Code Section 162(m):
- i. Outside Directors. The Board shall consider in selecting the Administrator and the membership of any committee acting as Administrator the provisions regarding “outside directors” within the meaning of Code Section 162(m).
 - ii. Maximum Amount.
 - (1) Subject to the provisions of Section 13, the maximum number of Shares that can be awarded to any individual Participant in the aggregate in any one fiscal year of the Company is One Million, Nine Hundred and Fifty Thousand (1,950,000) Shares;
 - (2) For Awards denominated in Shares and satisfied in cash, the maximum Award to any individual Participant in the aggregate in any one fiscal year of the Company is the Fair Market Value of One Million, Nine Hundred and Fifty Thousand (1,950,000) Shares on the Grant Date; and
 - (3) The maximum amount payable pursuant to any cash Awards to any individual Participant in the aggregate in any one fiscal year of the Company is the Fair Market Value of One Million, Nine Hundred and Fifty Thousand (1,950,000) Shares on the Grant Date.
 - iii. Performance Criteria. All performance criteria must be objective and be established in writing prior to the beginning of the performance period or at later time as permitted by Code Section 162(m). Performance criteria may include alternative and multiple performance goals and may be based on one or more business and/or financial criteria. In establishing the performance goals, the Committee in its discretion may include one or any combination of the following criteria in either absolute or relative terms, for the Company or any Subsidiary:

- (1) Increased revenue;
- (2) Net income measures (including but not limited to income after capital costs and income before or after taxes);
- (3) Stock price measures (including but not limited to growth measures and total stockholder return);
- (4) Market share;
- (5) Earnings per Share (actual or targeted growth);
- (6) Earnings before interest, taxes, depreciation, and amortization (“EBITDA”);
- (7) Cash flow measures (including but not limited to net cash flow and net cash flow before financing activities);
- (8) Return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors’ capital and return on average equity);
- (9) Operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes, and production efficiency);
- (10) Expense measures (including but not limited to overhead cost and general and administrative expense);
- (11) Margins;
- (12) Stockholder value;
- (13) Total stockholder return;
- (14) Proceeds from dispositions;
- (15) Production volumes;
- (16) Total market value; and
- (17) Corporate values measures (including but not limited to ethics compliance, environmental, and safety).

c. Stock Options and SARs Exempt from Code section 409A. If the Administrator grants Options or SARs to Employees subject to U.S. taxation the Administrator may not modify or amend the Options or SARs to the extent that the modification or amendment adds a feature allowing for additional deferral within the meaning of Code section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon any Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company or any Parent or Subsidiary of the Company, nor will they interfere in any way

with the Participant's right or the Company's or its Parent's or Subsidiary's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Effective Date. The Plan's effective date is the date on which it is adopted by the Board, so long as it is approved by the Company's stockholders at any time within twelve (12) months of such adoption. Upon approval of the Plan by the stockholders of the Company, all Awards issued pursuant to the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Company had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within one year after the Effective Date, any Awards made hereunder shall be null and void and of no effect.
18. Term of Plan. The Plan will terminate 10 years following the earlier of (i) the date it was adopted by the Board or (ii) the date it became effective upon approval by stockholders of the Company, unless sooner terminated by the Board pursuant to Section 19.
19. Amendment and Termination of the Plan.
 - a. Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.
 - b. Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.
 - c. Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.
20. Conditions Upon Issuance of Shares.
 - a. Legal Compliance. The Administrator may delay or suspend the issuance and delivery of Shares, suspend the exercise of Options or SARs, or suspend the Plan as necessary to comply with Applicable Laws. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.
 - b. Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.
21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

22. Repricing Prohibited; Exchange And Buyout of Awards. The repricing of Options or SARs is prohibited without prior stockholder approval. The Administrator may authorize the Company, with prior stockholder approval and the consent of the respective Participants, to issue new Option or SAR Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Administrator may at any time repurchase Options with payment in cash, Shares or other consideration, based on such terms and conditions as the Administrator and the Participant shall agree.
23. Substitution and Assumption of Awards. The Administrator may make Awards under the Plan by assumption, substitution or replacement of performance shares, phantom shares, stock awards, stock options, stock appreciation rights or similar awards granted by another entity (including an Parent or Subsidiary), if such assumption, substitution or replacement is connection with an asset acquisition, stock acquisition, merger, consolidation or similar transaction involving the Company (and/or its Parent or Subsidiary) and such other entity (and/or its affiliate). The Administrator may also make Awards under the Plan by assumption, substitution or replacement of a similar type of award granted by the Company prior to the adoption and approval of the Plan. Notwithstanding any provision of the Plan (other than the maximum number of shares of Common Stock that may be issued under the Plan), the terms of such assumed, substituted or replaced Awards shall be as the Administrator, in its discretion, determines is appropriate.
24. Governing Law. The Plan and all Agreements shall be construed in accordance with and governed by the laws of the State of Nevada.

Adopted by the Board of Directors on December 6, 2011

APPENDIX B

**Leatt Corporation Consolidated Financial Statements
For The Years Ended December 31, 2010 And 2009**

(see attached)

LEATT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

LEATT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Leatt Corporation

We have audited the consolidated balance sheets of **LEATT CORPORATION** as of December 31, 2010 and 2009 and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **LEATT CORPORATION** as of December 31, 2010 and 2009, and the results of operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Fitzgerald & Co., CPAs, P.C.

McLean, Virginia
March 31, 2011

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
Current Assets		
Cash and cash equivalents	\$ 1,235,107	\$ 2,021,101
Short-term investments	309,235	307,466
Accounts receivable	2,847,813	1,091,622
Inventory	2,757,196	3,012,961
Payments in advance	120,150	98,177
Income tax refunds receivable	40,300	377,443
Due from related party	-	7,273
Deferred tax asset	54,300	32,700
Prepaid expenses and other current assets	811,803	212,805
Total current assets	<u>8,175,904</u>	<u>7,161,548</u>
Property and equipment, net	1,496,308	1,294,722
Other Assets		
Deposits	32,556	7,896
Intangible assets	99,682	127,456
Total other assets	<u>132,238</u>	<u>135,352</u>
Total Assets	<u>\$ 9,804,450</u>	<u>\$ 8,591,622</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 1,741,013	\$ 1,020,329
Customer deposits	69,988	124,662
Short term loan, net of finance charges	631,430	121,674
Total current liabilities	<u>2,442,431</u>	<u>1,266,665</u>
Deferred tax liabilities	112,400	12,800
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$.001 par value, 28,000,000 shares authorized, 3,000,000 shares issued and outstanding	3,000	3,000
Common stock, \$.001 par value, 700,000,000 shares authorized, 131,167,225 and 131,922,336 shares issued and outstanding in 2010 and 2009	131,167	131,922
Additional paid - in capital	7,367,123	7,395,943
Accumulated other comprehensive income	526,281	350,682
Accumulated deficit	(777,952)	(569,390)
Total stockholders' equity	<u>7,249,619</u>	<u>7,312,157</u>
Total Liabilities and Stockholders' Equity	<u>\$ 9,804,450</u>	<u>\$ 8,591,622</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues	\$ 14,330,072	\$ 13,743,107
Cost of Revenues	<u>5,606,502</u>	<u>4,622,532</u>
Gross Profit	<u>8,723,570</u>	<u>9,120,575</u>
Operating Expenses		
Salaries and wages	2,710,054	2,896,930
Commissions and consulting expenses	519,851	543,218
Professional fees	1,140,562	1,389,224
Advertising and marketing	1,265,655	1,557,603
Office rent and expenses	211,713	224,832
Research and development costs	1,083,635	863,737
Bad debt expense	8,664	16,103
General and administrative expenses	1,616,811	1,304,949
Depreciation	344,746	428,626
Total operating expenses	<u>8,901,691</u>	<u>9,225,222</u>
Loss from Operations	<u>(178,121)</u>	<u>(104,647)</u>
Other Income		
Interest and other income, net	25,674	47,074
Total other income	<u>25,674</u>	<u>47,074</u>
Loss Before Income Taxes	(152,447)	(57,573)
Income Taxes	<u>56,115</u>	<u>71,996</u>
Net Loss Available to Common Shareholders	<u>\$ (208,562)</u>	<u>\$ (129,569)</u>
Net Loss per Common Share		
Basic	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>132,119,614</u>	<u>131,922,336</u>
Diluted	<u>131,119,614</u>	<u>131,922,336</u>
Comprehensive Income		
Net Loss	\$ (208,562)	\$ (129,569)
Other comprehensive income, net of \$-0- deferred income taxes in 2010 and 2009		
Foreign currency translation	<u>175,599</u>	<u>454,776</u>
Total comprehensive income (loss)	<u>\$ (32,963)</u>	<u>\$ 325,207</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Preferred Stock A		Common Stock		Additional	Accumulated	(Accumulated	Total
	Shares	Amount	Shares	Amount	Paid - In Capital	Other Comprehensive Loss	Deficit)	
Balance, January 1, 2009	3,000,000	\$ 3,000	131,589,002	\$ 131,589	\$ 7,346,276	\$ (104,094)	\$ (439,821)	\$ 6,936,950
Shares issued to satisfy obligation	-	-	333,334	333	49,667	-	-	50,000
Net loss	-	-	-	-	-	-	(129,569)	(129,569)
Foreign currency translation adjustment	-	-	-	-	-	454,776	-	454,776
Balance, December 31, 2009	3,000,000	\$ 3,000	131,922,336	\$ 131,922	\$ 7,395,943	\$ 350,682	\$ (569,390)	\$ 7,312,157
Shares issued to satisfy obligation	-	-	333,333	333	49,667	-	-	50,000
Repurchase of common stock	-	-	(1,088,444)	(1,088)	(78,487)	-	-	(79,575)
Net loss	-	-	-	-	-	-	(208,562)	(208,562)
Foreign currency translation adjustment	-	-	-	-	-	175,599	-	175,599
Balance, December 31, 2010	3,000,000	\$ 3,000	131,167,225	\$ 131,167	\$ 7,367,123	\$ 526,281	\$ (777,952)	\$ 7,249,619

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

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash flows from operating activities		
Net loss	\$ (208,562)	\$ (129,569)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	344,746	428,626
Deferred income taxes	78,000	(12,750)
Stock-based compensation	50,000	50,000
Bad debts	7,723	13,018
Loss on abandonment of leasehold improvements	21,011	-
(Increase) decrease in:		
Accounts receivable	(1,763,914)	(500,323)
Inventory	255,765	114,556
Payments in advance	(21,973)	108,298
Prepaid expenses and other current assets	(598,998)	71,377
Income tax refunds receivable	337,143	586,763
Deposits	(24,660)	(3,263)
Increase (decrease) in:		
Accounts payable and accrued expenses	720,684	(189,724)
Income taxes payable	-	(123,597)
Customer deposits	(54,674)	(102,232)
Net cash provided by (used in) operating activities	<u>(857,709)</u>	<u>311,180</u>
Cash flows from investing activities		
Capital expenditures	(459,904)	(643,672)
Payments from related party, net	7,273	92,376
Increase in short-term investments, net	<u>(1,769)</u>	<u>(4,921)</u>
Net cash used in investing activities	<u>(454,400)</u>	<u>(556,217)</u>
Cash flows from financing activities		
Repurchase of common stock	(79,575)	-
Proceeds from (repayments of) short-term loan, net	<u>509,756</u>	<u>(19,246)</u>
Net cash provided by (used in) financing activities	<u>430,181</u>	<u>(19,246)</u>
Effect of exchange rates on cash and cash equivalents	<u>95,934</u>	<u>226,013</u>
Net decrease in cash and cash equivalents	(785,994)	(38,270)
Cash and cash equivalents - beginning of year	<u>2,021,101</u>	<u>2,059,371</u>
Cash and cash equivalents - end of year	<u>\$ 1,235,107</u>	<u>\$ 2,021,101</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 124</u>	<u>\$ 489</u>
Cash paid for income taxes	<u>\$ 2,400</u>	<u>\$ 585,600</u>
Other noncash investing and financing activities		
Common stock issued for services	<u>\$ 50,000</u>	<u>\$ 50,000</u>

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Leatt Corporation (the “Company”) was incorporated in the State of Nevada on March 11, 2005, under the name Treadzone, Inc. On June 17, 2005, the Company changed its name to Leatt Corporation in connection with the Company’s acquisition of rights to use the Leatt neck brace patents and trademarks. The Company designs, manufactures and markets personal protective equipment for all forms of motor sports, based on the Leatt-Brace[®] system, a patented neck protection system for all helmeted sports. The Company’s products are manufactured in China and sold to customers worldwide through a global network of distributors and retailers. The Company’s revenues are generated solely from the sale of Leatt-Brace[®] products.

The Company conducts business in South Africa as a foreign registered branch, and in the United States through the Company’s wholly-owned subsidiary, Two Eleven Distribution, LLC (“Two Eleven”) a California limited liability company. Two Eleven acts as a distributor of the Leatt-Brace[®] in the United States. Research and development efforts, global sales and marketing are managed out of the Company’s foreign registered branch located in Cape Town, South Africa. United States sales are managed by Two Eleven located in Santa Clarita, California. The Company also has a wholly-owned subsidiary, Three Eleven Distribution (“Three Eleven”) which was an inactive South African incorporated company until December 2008, when it acquired South African registered patents relating to products unrelated to the Leatt-Brace[®] from Xceed Holdings CC (“Holdings”), a South African incorporated company controlled by the Company’s founder. The Company established a new wholly-owned subsidiary, Leatt New Zealand Limited during the first quarter of 2009. This Company acts as the distributor of the Leatt-Brace[®] in New Zealand.

The Company has the exclusive global manufacturing and distribution rights to the Leatt-Brace[®] which is an injection molded neck protection system designed to prevent potentially devastating motor sport injuries to the cervical spine and neck. The patents and all rights for the Leatt-Brace[®] are held by Holdings except for those patents recently acquired by Three Eleven. There is a license agreement between Holdings and the Company which gives the Company the exclusive worldwide right and license to manufacture, sell and use apparatus embodying, employing and containing the Leatt-Brace[®] technology.

Market for Common Stock - In order to enhance the ability of the Company’s shareholders to trade their common stock, the Company proceeded with efforts to quote its common stock on the Pink Sheets, LLC and, effective August 12, 2009, the Company’s common stock commenced quotation on the Pink Sheets (Symbol: Leatt.pk) with Landenburg Thalman & Co. acting as the Company’s primary market maker.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Leatt Corporation and its wholly-owned subsidiaries: Two Eleven Distribution, LLC, Three Eleven Distribution and Leatt New Zealand Limited. All significant intercompany transactions have been eliminated.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Cost Recognition - All manufacturing of the Leatt-Brace[®] is performed by third party subcontractors in China.

The Company records its revenue and related cost of revenue for its product sales in the United States upon shipment of the merchandise to the customer.

International sales are generally drop-shipped directly from the third party manufacturer to the Company's customers. Revenue and related cost of revenue is recognized at the time of shipment from the manufacturer's port when shipping terms are Free On Board ("FOB") shipping point as legal title and risk of loss to the product pass to the customer. For FOB destination point arrangements, revenue is recorded upon receipt at the customer's location.

Short-term investments - The Company's short-term investments consists of certificates of deposit with a maturity of greater than three months but less than twelve months.

Accounts Receivable - Accounts receivable consist of amounts due to the Company from normal business activities. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to substantially all customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions. The allowance for doubtful accounts for the years ended December 31, 2010 and 2009 was \$21,000 and \$13,277, respectively.

Inventory - Inventory is stated at the lower of cost or market. Cost is determined using the first-in first-out (FIFO) method. Inventory consists primarily of finished goods. Shipping and handling costs are included in the cost of inventory. In assessing the inventory value, the Company must make estimates and judgments regarding reserves required for product obsolescence, aging of inventory and other issues potentially affecting the saleable condition of products. In performing such evaluations, the Company utilizes historical experience as well as current market information.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is provided using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes over the estimated useful lives of the respective assets.

The estimated useful lives of assets for financial reporting purposes are as follows: moulds and tools, 2 to 5 years; computer equipment and software, 2 to 5 years; office and other equipment, 3 to 6 years; vehicles, 3 to 5 years; leasehold improvements, 3 years.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued) - The costs of improvements that extend the lives of the assets are capitalized. Repairs and maintenance are expensed as incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Impairment of Long-Lived Assets – The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows to be generated by the assets. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Based on these reviews, no asset impairment charges were made to the carrying value of long-lived assets during the years ended December 31, 2010 and 2009.

Intangible Assets – The Company's intangible assets consist of acquired patents with an indefinite useful life and are thus not amortized. Intangible assets are carried at cost less impairment. Amortization expense for the years ended December 31, 2010 and 2009 was zero. There was no impairment of intangible assets at December 31, 2010 or 2009.

Shipping and Handling Costs – The Company includes shipping and handling fees billed to customers in revenues and shipping and handling costs incurred in cost of revenues.

Advertising - Costs of advertising and marketing are expensed as incurred.

Patent Costs - Legal costs in connection with approved patents (including those owned by Holdings) and patent applications are expensed as incurred and classified as professional fees in the consolidated statements of operations. Patent costs totaled \$338,130 and \$ 231,876, respectively for the years ended December 31, 2010 and 2009.

Research and Development – Research and development costs are expensed as incurred.

Foreign Currency Translation and Foreign Currency Transactions - The U.S. dollar is the Company's reporting currency. Assets and liabilities of the Company's foreign operations, consisting of its South African Branch and Leatt New Zealand Limited, denominated in its local currency, SA RAND and NEW ZEALAND DOLLAR respectively, are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the rate of exchange at the date of the transaction in the applicable period. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income in stockholders' equity. Gains and losses generated by transactions denominated in foreign currencies are recorded in the accompanying statement of operations in the period in which they occur. Net unrealized gains on foreign currency translation adjustments totaled \$175,599 and \$454,776, respectively, as of December 31, 2010 and 2009.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation - The Company accounts for stock based compensation in accordance with the fair-value-base method set forth in FASB ASC Topic 718-10, Stock-Based Compensation, which require the measurement and recognition of compensation expense for all stock-based awards made to employees and directors, including employees stock options, based on the estimated fair values on the date of grant or the fair value of the services performed.

The Company recognizes these compensation costs, net of an estimated forfeiture rate, on a pro rata basis over the requisite service period of each vesting tranche of each award. The Company considers voluntary termination behavior as well as trends of actual option forfeitures when estimating the forfeiture rate.

Income Taxes - The Company uses the asset and liability approach to account for income taxes. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax basis of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The provision for income taxes included taxes currently payable, if any, plus the net change during the year in deferred tax assets and liabilities recorded by the Company.

The Company applies the provisions of FASB ASC Topic 740-10, Accounting for Uncertainty in Income Taxes (“Standard”), which provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is more likely than not of being sustained upon an examination by tax authorities. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, the standard provides guidance on derecognition, classification, interest and penalties; accounting in interim periods, disclosure and transition, and any amounts when incurred would be recorded under these provisions.

The Company’s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of December 31, 2010 and 2009, the Company has no unrecognized tax benefits and the Company currently has no federal or state tax examinations in progress.

Net income Per Share of Common Stock - Basic net income per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. For the years ended December 31, 2010 and 2009, the Company had 3,000,000 potential common shares outstanding that were anti-dilutive and therefore not included in diluted net income per share.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments and unrealized gains and losses on marketable securities. Accumulated comprehensive loss at December 31, 2010 and 2009 represents cumulative translation adjustments related to the Company's foreign registered branch office and subsidiary. The Company presents comprehensive income in the consolidated statements of operations and comprehensive income.

Fair Value of Financial Instruments - The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, short-term investments, accounts receivable, inventory, payments in advance, customer deposits, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments.

Concentration of Credit Risk - The Company maintains cash and cash equivalent balances at several financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2010 and 2009, the Company's uninsured bank balances totaled \$1,247,667 and \$1,985,292, respectively. The Company has not experienced any significant losses on its cash and cash equivalents.

The Company's trade receivables are derived from sales to distributors and dealers. The Company has adopted credit policies and standards intended to accommodate industry growth and inherent risk. Management believes that credit risks are moderated by the diversity of the Company's end customers and geographic sales areas. The Company performs ongoing credit evaluations of its customers' financial condition and requires collateral as deemed necessary. The Company maintains allowances for potential credit losses as needed and has not experienced any significant losses related to the collection of its accounts receivable.

The Company has derived, and believes that it will continue to derive, a significant portion of its revenue from a limited number of customers. For the years ended December 31, 2010 and 2009, the Company's US revenue was concentrated in six and five customers that accounted for approximately 36% and 38%, respectively, of annual US revenue. For the years ended December 31, 2010 and 2009, the Company's international revenue was concentrated in five customers that accounted for approximately 41% of annual international revenue for 2010 and 2009. The Company generates revenue both in the United States and internationally. For the years ended December 31, 2010 and 2009, annual revenues associated with international customers were \$8,493,593 and \$7,480,053, or 59% and 54% of total revenue, respectively.

Statement of Cash Flows - The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less from the date of purchase to be cash equivalents.

Reclassification - Certain items in the 2009 financial statements have been reclassified to conform with the 2010 financial statement presentation.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements - In April 2010, the FASB issued an accounting standard update, *Milestone Method of Revenue Recognition*. The guidance allows the milestone method as an acceptable revenue recognition methodology when an arrangement includes substantive milestones. The guidance provides a definition of substantive milestone, and should be applied regardless of whether the arrangement includes single or multiple deliverables or units of accounting. The guidance is limited to transactions involving milestones relating to research and development deliverables. The guidance also includes enhanced disclosure requirements about each arrangement, individual milestones and related contingent consideration, information about substantive milestones, and factors considered in the determination. The guidance is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010, with early adoption permitted. The Company is currently evaluating the impact of this accounting update on its financial disclosures.

In July 2010, the FASB issued an accounting update to provide guidance to enhance disclosures related to the credit quality of a company's financing receivables portfolio and the associated allowance for credit losses. Pursuant to this accounting update, a company is required to provide a greater level of disaggregated information about its allowance for credit loss with the objective of facilitating users' evaluation of the nature of credit risk inherent in the company's portfolio of financing receivables, how that risk is analyzed and assessed in arriving at the allowance for credit losses, and the changes and reasons for those changes in the allowance for credit losses. The revised disclosures as of the end of the reporting period are effective for the Company beginning in 2011. The Company is currently evaluating the impact of this accounting update on its financial disclosures.

Other recent accounting pronouncements issued by the FASB did not or are not believed by management to have a material impact on the Company's present consolidated financial statements.

NOTE 3 - INVENTORY

Inventory consists primarily of finished goods. Shipping and handling costs are included in the cost of inventory. In assessing the inventory value, the Company must make estimates and judgments regarding reserves required for product obsolescence, aging of inventory and other issues potentially affecting the saleable condition of products.

In performing such evaluations, the Company utilizes historical experience as well as current market information. All products are manufactured by third parties in China and shipped to either a warehouse in California, the corporate offices in South Africa, a warehouse in New Zealand or to distributors throughout South America, Africa, Europe, Asia and Australia. There was no reserve for obsolescence on the inventory for the years ended December 31, 2010 and 2009.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 731,694	\$ 655,226
Moulds and tools	870,603	802,406
Computer equipment and software	641,743	497,078
Office and other equipment	438,250	251,880
Vehicles	160,293	63,408
Leasehold improvements	161,201	168,022
	<u>3,003,784</u>	<u>2,438,020</u>
Less accumulated depreciation	<u>(1,507,476)</u>	<u>(1,143,298)</u>
Property and equipment, net	<u>\$ 1,496,308</u>	<u>\$ 1,294,722</u>

NOTE 5 - CUSTOMER DEPOSITS AND PAYMENTS IN ADVANCE

Customer deposits represent payments received from customers prior to completion and shipment of the order. If the customer decides to cancel the order after the deposit has been paid, the Company will return the deposit or apply the deposit to a new order, however, the deposit will not be recorded as revenue. Payments in advance represent upfront payments made to contract manufacturers for the manufacturing of the braces.

Customer deposits totaled \$69,988 and \$124,662 as of December 31, 2010 and 2009, and are recorded in current liabilities; and payments in advance of \$120,150 and \$98,177 as of December 31, 2010 and 2009 are recorded in current assets on the consolidated balance sheets.

NOTE 6 - STOCKHOLDERS' EQUITY

As of December 31, 2010, there were 700,000,000 shares authorized, and 131,167,225 shares issued and outstanding of the Company's common stock with a par value of \$.001 and 28,000,000 shares authorized, and 3,000,000 shares issued and outstanding of the Company's preferred stock with a par value of \$.001.

In connection with a certain asset purchase agreement dated June 17, 2005, in September 2008, the Company entered into a settlement and release agreement, whereby the Company agreed to amend their Articles of Incorporation to establish a Series A Voting Convertible Preferred Stock which authorized 28,000,000 shares, with a par value of \$.001. The amended Articles of Incorporation authorized the Company to have the authority to establish additional series of preferred stock with such rights, preferences, and designations as determined by the Board of Directors.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 6 - STOCKHOLDERS' EQUITY (continued)

Pursuant to these amendments the Company established a Series A Voting Convertible Preferred Stock ("Preferred Stock"), with a par value of \$.001, which is convertible on a 1:1 ratio to common stock. The Company issued 3,000,000 shares of this series of Preferred Stock. Each holder of the Preferred Stock is entitled to receive dividends and is entitled to 100 votes for each one share of Preferred Stock.

The Company had an obligation to issue preferred and common stock to the founders of the Company in the amount of \$5,996,507 as of December 31, 2007. In September 2008, the Company entered into a settlement agreement to satisfy the obligation, which at the time of settlement was \$6,261,246. In accordance with the settlement agreement, 3,000,000 shares of the Preferred Stock and 21,000,000 shares of common stock were issued to the principals to satisfy the Company's obligation. The Company had performed a valuation to determine the fair value of the Company's obligation. The Company recorded a fair value adjustment in the amount of \$264,739 for the year ended December 31, 2008.

Pursuant to an employment agreement, an officer received 333,334 shares and 333,333 shares of common stock, respectively in 2010 and 2009. The common stock was valued at \$0.15, or \$50,000 based on the fair value of the common stock at the date of the grant.

NOTE 7 - INCOME TAXES

The Company's income tax expense (benefit) for the year's ended December 31, 2010 and 2009 consists of the following components:

	<u>2010</u>	<u>2009</u>
Current		
Federal	\$ 132,515	\$ 83,146
State	1,600	1,600
	<u>134,115</u>	<u>84,746</u>
Deferred		
Federal	(78,000)	(12,750)
	<u>(78,000)</u>	<u>(12,750)</u>
Income tax expense	<u>\$ 56,115</u>	<u>\$ 71,996</u>

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7 - INCOME TAXES (continued)

The Company's effective income tax expense (benefit) differs from the federal statutory amount because of the effect of the following items:

	<u>2010</u>	<u>2009</u>
Federal tax statutory rate	0.00%	0.00%
Effect of prior year (over) under provision	-110.00%	105.00%
Timing and permanent differences	73.00%	-230.00%
Effect of fair value adjustment	0.00%	0.00%
Utilization of foreign exchange loss	0.00%	0.00%
	<u>-37.00%</u>	<u>-125.00%</u>

Deferred income taxes (benefit) reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and the tax effects of net operating losses that are available to offset future taxable income. Significant components of the Company's deferred tax assets (liabilities) at December 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Deferred tax assets:		
Accounts receivable	\$ 9,000	\$ 5,700
Vacation accrual	32,000	27,000
Net operating loss carryforwards	363,900	219,900
Less valuation allowance	<u>(350,600)</u>	<u>(219,900)</u>
Deferred tax assets, net	<u>\$ 54,300</u>	<u>\$ 32,700</u>
Deferred tax liabilities:		
Depreciation	<u>112,400</u>	<u>12,800</u>
Deferred tax liabilities, net	<u>\$ 112,400</u>	<u>\$ 12,800</u>

In assessing the ultimate realization of deferred tax assets and liabilities, management considers whether it is more likely than not that some or all of them will not be realized. Based on the Company's anticipation of fluctuations in the Company's net earnings for state tax purposes, the Company has established a valuation allowance due to the uncertainty as to the realization of the net operating loss carryforwards. As of December 31, 2010 and 2009, the Company has approximately \$4,100,000 and \$2,500,000 of net operating loss carryforwards to offset certain future state taxable income, expiring in 2028.

The Company files a consolidated federal and separate company state income tax returns in the United States. The Company is not presently undergoing any significant tax audits. As of December 31, 2010, the tax years that remain subject to examination are 2007 to 2010 for federal and 2008 to 2010 for state tax purposes.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7 - INCOME TAXES (continued)

The Company has reviewed its open tax positions and determined that no exposures exist that require an adjustment as of December 31, 2010 or 2009. While the Company believes that it has performed adequate procedures to identify all reasonably identifiable exposures, it is possible that exposures exist and that these exposures will need to be assessed and may potentially have a material impact on the Company's consolidated financial statements.

NOTE 8 - RELATED PARTY TRANSACTIONS

Royalty fees associated with sales of Leatt-Brace[®] products are paid to Holdings, a company owned by a director, and a related individual who is a shareholder. Royalties are based on 5% of the net sales of braces worldwide and totaled \$639,662 and \$693,387 for the years ended December 31, 2010 and 2009. The term of the royalty agreement is for the life of the intellectual property. As of December 31, 2010 and 2009, accrued royalties totaled \$89,232 and \$100,135.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Office / Warehouse Lease

The Company's California entity is leasing office and warehouse space in Santa Clarita, California. The lease commenced on April 1, 2010 and continues through March 31, 2013. The lease agreement calls for monthly base rent in the amount of \$3,883 that will increase to \$4,401 on April 1, 2011 and \$5,126 on April 1, 2012.

In addition, the Company's South African branch leases space in South Africa. The lease commenced on December 15, 2008 and continues through December 15, 2011. The lease agreement calls for an initial monthly rent of \$5,195 with an annual escalation percentage of 10%. Effective August 1, 2010 the South African branch sub-leased a portion of their office space to Holdings, a related entity, initially for one year. Monthly rent is \$145 plus its share of expenses. Sublease income totaled \$676 for the year ended December 31, 2010.

The Company's New Zealand entity leases premises in New Zealand. The lease commenced on May 1, 2010 and continues through April 31, 2015. The initial monthly rent amount in terms of the lease agreement is \$1,691 with an annual escalation percentage of 8%. This lease agreement cannot be terminated by notice.

All other operating leases are on a month-to-month basis.

Minimum lease payments under operating leases in each of the years subsequent to December 31, 2010 are as follows:

2011	\$ 138,347
2012	\$ 82,417
2013	\$ 40,298
2014	\$ 26,908
2015	\$ 9,196

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

Office / Warehouse Lease (continued)

Rent expense totaled \$211,713 and \$224,832, respectively, for the years ended December 31, 2010 and 2009.

Litigation/Potential Litigation

In the normal course of business, the Company is subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are often not predictable with assurance. Such disputes are only reported in detail in the financial statements or footnotes when the Company believes that they may possibly have a material impact on the business or financial condition or performance of the Company. "Material" typically means an impact that exceeds ten percent of a company's net worth or gross annual revenues. Such a determination is often subjective and influenced by many factors, which factors are subject to change or are beyond the ability of the Company to control or foresee. The following summary speaks only as of the date of this financial report. In general, the Company reports on any litigation even if the Company believes that the lawsuit or lawsuits are without merit and do not warrant any contingent liability provision.

Pending Lawsuits: There is no liability accrued for potential losses for the following civil lawsuits as the Company believes the claims are without merit and will vigorously defend against this action. Legal counsel appointed by the Company's insurance company is handling each of the following claims. The Company does not believe that any of the following civil lawsuits has any merit and the Company intends to vigorously defend each civil lawsuit.

On October 28, 2009, the Company was named a defendant in a civil lawsuit filed in the Yuba County Superior Court. The claim is for alleged product defects and breach of product warranties. This case has been set for trial on September 20, 2011.

On March 11, 2009, the Company was named a Defendant in a lawsuit filed in the United States District Court for the Eastern District of Kentucky. The claim is for alleged defective product design and breach of product warranties. This case has been set for trial for July 25, 2011.

The Company has also been named as a defendant in a lawsuit in the U.S. District Court for the Western District of Kentucky, filed on October 1, 2010. The claim is for alleged strict liability and breach of product warranties. This case has been set for trial on October 9, 2012.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

Litigation/Potential Litigation

The Company's insurer initially filed a declaratory judgment in federal court to seek a court declaratory judgment that the insurer did not have to provide any coverage for the lawsuit in the U.S. District Court for the Western District of Kentucky. This matter has been settled between the parties. The settlement results in the insurer providing coverage and legal defense coverage for the pending product-personal injury liability lawsuit in the U.S. District Court for the Western District of Kentucky.

The Company filed a lawsuit in the United States District Court, Southern District of California on the 16th of June 2009 against a California Company and other related parties to temporarily restrain the parties from exploitation of a neck brace which the Company alleged is based on the Company's misappropriated confidential information and trade secrets. The Company was awarded default judgment against

the California Company. The Court awarded a money judgment of \$200,000 and enjoined the California Company "from any further misappropriation, use, disclosure, manufacture, importation, marketing, sales, or offers for sale of products containing Leatt's trade secrets for a period of two years after entry of this default judgment". The Company settled the matter with the rest of the aforementioned parties and is contemplating collection action for the \$200,000 award.

The Company cannot predict at this time the outcome of any current litigation and as of the date hereof intends to defend these legal actions.

Intellectual Property Rights Claims and Patent Proceedings: In order to protect its intellectual property rights, the Company files patent applications in various nation states. The application process allows third parties to file objections to the Company's patent application or granted patent, which objections can be for a variety of reasons but are typically based on a claim of any existing, competing patent or patent application. The patent authority resolves any such contested patent applications as part of the application process. The Company does not report any third party objections to patent applications until and unless such objections are granted in whole or in part by the patent authority. Such objections are not unusual in the patent application process in general and often such objections are denied or circumvented by changes in the patent application.

From time to time, the Company sends legal letters to third parties regarding possible infringement of the Company's Intellectual Property rights. Such matters are not reported until litigation is probable or resources spent warrant creating a contingent liability.

Insurance: The Company has product liability insurance and director-officer liability insurance and believes that such insurance coverage is adequate to meet anticipated claims. The limits of such coverage is reviewed from time to time to make any adjustments deemed warranted by increased claims or expanded business.

LEATT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 10 – SUBSEQUENT EVENT

The Company has evaluated all subsequent events through March 31, 2011, the date the financial statements were released.

LEATT CORPORATION INC.
ATTN: PW RICHTER
3901 DOMINION TOWNES CIRCLE
RICHMOND, VIRGINIA 23223

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/LEATT2011

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M39526-Z56744

KEEP THIS PORTION FOR YOUR RECORDS
 DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

LEATT CORPORATION INC.

The Board of Directors recommends you vote FOR the following proposals:

1. Elect as Directors the nominees listed below: For All Withhold All For All Except _____
 01) Dr. Christopher Leatt
 02) Sean Macdonald
 03) Jeffrey Guzy
 04) Zafiris ("Jeff") M. Zafiroopoulos

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

- | | For All | Withhold All | For All Except | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2. Approve the ratification of Fitzgerald as the Company's accountant for fiscal year ending December 31, 2011. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approve the ratification of the Company's 2011 Equity Incentive Plan. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approve the authorization of Board to amend and restate of the Company's Amended and Restated Articles of Incorporation to effect the Reverse Split within 12 months using a split ratio of between 1-for-5 and 1-for-25. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting, and any adjournment or adjournments thereof. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

For address changes and/or comments, please check this box and write them on the back where indicated.

CHECK IF YOU PLAN TO ATTEND THE 2011 ANNUAL MEETING IN PERSON: I PLAN TO ATTEND Yes No

SIGN AS EXACTLY AS YOUR NAME APPEARS ON THIS PROXY - WHEN SHARES ARE HELD JOINTLY, EACH OWNER SHOULD SIGN BELOW. WHEN SIGNING AS EXECUTOR, LEGAL REPRESENTATIVE, TRUSTEE, CUSTODIAN OR ATTORNEY, SIGN FULL CORPORATE/AGENT NAME WITH FULL AUTHORITY BY [STATE TITLE]. WHEN SIGNING FOR PARTNERSHIP, SIGN PARTNERSHIP NAME WITH FULL TITLE OF SIGNATORY.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

M39527-Z56744

**LEATT CORPORATION
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON
THURSDAY, DECEMBER 22, 2011**

9:00 A.M., EASTERN TIME
LAW OFFICES OF PW RICHTER, PLC,
7505 DIGBY GREEN, ALEXANDRIA, VIRGINIA 22315, USA

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned stockholder of Leatt Corporation, a Nevada corporation (the "Company"), acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, dated November 1, 2011, and hereby constitutes and appoints Mr. Sean MacDonald and Mr. Jeffrey Guzy, or either of them acting singly in the absence of the other, with full power of substitution in either of them, the proxies of the undersigned to vote with the same force and effect as the undersigned all shares of the Company's Common Stock which the undersigned is entitled to vote at the 2011 Annual Meeting of Stockholders to be held on December 22, 2011, and at any adjournment or adjournments thereof, hereby revoking any proxy or proxies heretofore given and ratifying and confirming all that said proxies may do or cause to be done by virtue thereof with respect to the matters on the reverse side.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED; IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES, FOR THE RATIFICATION OF THE SELECTION OF FITZGERALD, AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS, FOR THE APPROVAL OF THE COMPANY'S 2011 EQUITY INCENTIVE PLAN AND FOR THE REVERSE SPLIT. IN THEIR DIRECTION, THE PROXIES ARE ALSO AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING THE ELECTION OF ANY PERSON TO THE BOARD OF DIRECTORS WHERE A NOMINEE NAMED IN THE PROXY STATEMENT DATED DECEMBER 6, 2011 IS UNABLE TO SERVE OR WILL NOT SERVE.

Address Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side