Triangle Industries Ltd.

Consolidated Financial Statements
(Expressed in Canadian dollars)

For the year ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Triangle Industries Ltd.

We have audited the accompanying consolidated financial statements of Triangle Industries Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Triangle Industries Ltd. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of their operations and their cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

March 29, 2012

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Triangle Industries Ltd.

Consolidated Statements of Financial Position

Expressed in Canadian dollars

	Notes	**December 31, 2011**	December 31, 2010 (Note 14)	January 1, 2010 (Note 14)
Assets				
Current assets				
Cash and cash equivalents		**$ 562,168**	$ 714,726	$ 975,337
Accounts receivable		**1,151**	4,855	40,486
Equipment held for sale	7	**-**	13,000	-
Prepaid expenses		**12,701**	1,551	6,886
Total current assets		**576,020**	734,132	1,022,709
Non-current assets				
Property, plant and equipment	7	**-**	-	287,869
Incorporation costs		**-**	-	530
Total non-current assets		**-**	-	288,399
Total assets		**$ 576,020**	$ 734,132	$ 1,311,108
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		**$ 21,621**	$ 37,924	$ 43,755
Due to related parties	12	**2,454**	24,852	23,672
Current portion of obligation under finance lease	8	**-**	-	82,366
Total current liabilities		**24,075**	62,776	149,793
Non-current liabilities				
Obligation under finance lease	8	**-**	-	23,781
Total non-current liabilities		**-**	-	23,781
Total liabilities		**24,075**	62,776	173,574
Shareholders' equity				
Share capital	9	**7,147,892**	7,147,892	7,147,892
Reserves		**109,580**	109,580	-
Deficit		**(6,705,527)**	(6,586,116)	(6,010,358)
Total shareholders' equity		**551,945**	671,356	1,137,534
Total liabilities and shareholders' equity		**$ 576,020**	$ 734,132	$ 1,311,108

Basis of presentation (Note 2)

Discontinued operations (Note 6)

Signed on behalf of the Board of Directors by:

"Neil Halldorson" Director

"Geoffrey Edwards" Director

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

Triangle Industries Ltd.
Consolidated Statements of Comprehensive Loss
Expressed in Canadian dollars
For the years ended December 31,

	Notes	**2011**	2010
Continuing operations			
Expenses			
Bad debts (recovery)		**$ (10,728)**	$ 11,257
Director's and management fees	12	**23,600**	48,000
Interest and bank charges		**884**	409
Office and general		**4,402**	743
Professional fees		**91,689**	35,149
Transfer agent and shareholder costs		**13,879**	13,664
Share-based payments	10	**-**	109,580
		123,726	218,802
Other income			
Gain on disposal of capital asset		**2,000**	-
Interest and other income		**2,315**	1,381
Loss for the year from continuing operations		**(119,411)**	(217,421)
Discontinued operations			
Loss for the year from discontinued operations	6	**-**	(358,337)
Total comprehensive loss for the year		**$ (119,411)**	$ (575,758)
Loss per share			
From discontinued operations			
Basic and diluted		**$ Nil**	$ (0.03)
From continuing operations			
Basic and diluted		**$ (0.01)**	$ (0.02)
Basic and diluted weighted average number of common shares outstanding		**13,656,957**	13,656,957

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

Triangle Industries Ltd.
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
For the years ended December 31,

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, January 1, 2010	13,656,957	$ 7,147,892	$ -	$ (6,010,358)	$ 1,137,534
Share-based payments	-	-	109,580	-	109,580
Loss for the year	-	-	-	(575,758)	(575,758)
Balance, December 31, 2010	13,656,957	$ 7,147,892	$ 109,580	$ (6,586,116)	$ 671,356
Balance, December 31, 2010	13,656,957	$ 7,147,892	$ 109,580	$ (6,586,116)	$ 671,356
Loss for the year	-	-	-	(119,411)	(119,411)
Balance, December 31, 2011	**13,656,957**	**$ 7,147,892**	**$ 109,580**	**$ (6,705,527)**	**$ 551,945**

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

Triangle Industries Ltd.
Consolidated Statements of Cash Flows
Expressed in Canadian dollars
For the years ended December 31,

	NOTE	**2011**	2010
Cash flows From operating activities			
Loss for the year from continuing operations		**$ (119,411)**	$ (217,421)
Adjustments for:			
Share-based payments		**-**	109,580
Write-off of bad debts		-	11,257
Gain on disposal of capital asset		**(2,000)**	-
Interest income		**(2,315)**	(1,381)
Net change in non-cash working capital:			
Accounts receivable		**5,704**	(6,101)
Prepaid expenses		**(11,150)**	-
Accounts payable and accrued liabilities		**(16,303)**	3,624
Due to related parties		**(22,398)**	(31,000)
Total cash outflows from continuing operating activities		**(167,873)**	(131,442)
Cash flows from investing activities			
Interest received		**2,315**	1,381
Disposal of equipment	7	**13,000**	-
Total cash inflows from investing activities		**15,315**	1,381
Cash flows from discontinued operations			
Net cash used in operating activities		**-**	(349,138)
Net cash used in financing activities		**-**	(106,147)
Net cash provided by investing activities		**-**	324,735
Total cash (outflows) from discontinued operations		**-**	(130,550)
Decrease in cash and cash equivalents during the year		**(152,558)**	(260,611)
Cash and cash equivalents at beginning of year		**714,726**	975,337
Cash and cash equivalents at the end of year		**$ 562,168**	$ 714,726

There were no non-cash financing and investing activities during the years ended December 31, 2011 and 2010.

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

1. Corporate Information

Triangle Industries Ltd. (the "Company") was incorporated on November 16, 1983 under the British Columbia Companies Act and was in the business of providing freight and reloading services. The Company wound up its transloading business and disposed of all related assets at the end of August, 2010. Management is of the opinion that Company resources could be better utilized under a new business plan designed to improve the Company's prospects and to recapture shareholder interest.

The shares of the Company are listed on the TSX Venture Exchange and trade under the symbol TIA. The address of the Company's corporate office is 800-570 Granville Street, Vancouver, British Columbia, Canada. The Company's registered office is located at 400-570 Granville Street, Vancouver, British Columbia, Canada.

2. Basis of Presentation

a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This is the first time that the Company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 14.

The financial statements were authorized for issue by the Board of Directors on March 29, 2012.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates and exercise judgement in applying the Company's policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The presentation of comparative figures in the consolidated statement of comprehensive loss and statement of cash flows has been modified to segregate continuing and discontinued operations. Certain comparative figures have been reclassified to conform to the current year's presentation.

c) Going Concern of Operations

The Company incurred a net loss of $119,411 during the year-ended December 31, 2011 and, as of that date the Company's accumulated deficit was $6,705,527. However, the Company has sufficient cash resources to meets its obligations for at least twelve months from the end of the reporting year.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue as a going concern depends on its ability to successfully complete public equity financings or generate profitable operations in the future. If additional capital is not raised or the Company does not generate a profit, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No adjustment for such circumstances has been made in the financial information.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and in preparing the opening IFRS Statement of Financial Position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Equipment	- Straight line over 5 years
Road equipment	- Straight line over 10 years
Yard equipment	- Straight line over 10 years

Half rates are applied in the year of acquisition. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) Impairment of Non-Financial Assets

Non-financial assets are reviewed 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 value of the asset to its net recoverable amount or future net cash flows expected to be generated by the asset or its fair value where there are no identified cash flows. If such 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. The amount of the impairment is charged to income in the period when the impairment is determined.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

d) Leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest component is charged to the statement of comprehensive loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor. Equipment under a finance lease is depreciated on the same basis as a capital asset.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

e) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, or available-for-sale investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition. The Company's accounting policy for each category is as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

(ii) Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process.

(iii) Available-For-Sale Investments
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment on Financial Assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities
Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payable and accrued liabilities and due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Accounts payable amounts are unsecured and are usually paid within 15 days of recognition.

The Company has classified its cash and cash equivalents as at fair value through profit or loss. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

f) Income Taxes
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share Capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Earnings / Loss Per Share
Basic earnings / loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings / loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

i) Share-based Payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share based payments are reflected in contributed surplus until exercised. Upon exercise shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Standards, Amendments and Interpretations Not Yet Effective
Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2011 or later years. None of these is expected to have a significant effect on the consolidated financial statements.

The following standards and interpretations have been issued but are not yet effective:

- IFRS 9 *Financial Instruments* was issued by the IASB on November 12, 2009 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is evaluating the impact of IFRS 9.

- IFRS 10 *Consolidated Financial Statements* and *IFRS 12 Disclosure of Interests in Other Entities* were issued and replace IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities* for guidance on the consolidation model which identifies the elements of control. These standards provide a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. These standards are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 10 and IFRS 12.

- IFRS 11 *Joint Arrangements* was issued and supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities*, to establish principles for financial reporting by parties to a joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 11.

- IFRS 13 *Fair Value Measurement* was issued to set out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 13.

- IAS 1 *Presentation of Financial Statements* was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This standard is effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the impact of IAS 1 amendments.

- IAS 19 Post-employment Benefits was amended to eliminate the corridor method that defers the recognition of gains and losses, to streamline the presentation of changes in assets and liabilities arising from defined benefit plans and to enhance the disclosure requirements for defined benefit plans. This amendment is effective for annual periods beginning on or after January 1, 2013.

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only; or in the year of the change and future years, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Income Taxes
Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

b) Share-based Payment Transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

5. Financial Instruments and Risk Management

Determination of Fair Value:
The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these instruments.

Fair Value Hierarchy:
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities; and

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs from the asset or liability that are not based on observable market data (unobservable inputs).

Cash equivalents, including demand deposits, are valued using quoted market prices. Marketable equity securities are valued using quoted market prices in active markets, obtained from securities exchanges. Accordingly, these items are included in Level 1 of the fair value hierarchy.

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2011:

Financial assets at fair value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 562,168	$ -	$ -	$ 562,168

Risk Management:
The Company is exposed to the following financial risks:

- credit risk
- market risk
- liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Expressed in Canadian dollars

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:
Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

a) Credit risk
Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and cash equivalents and accounts receivable.

The Company's cash is held with a high-credit quality financial institution.

b) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations.

Interest rate risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers the risk to be immaterial.

Equity price risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company does not have any equity investments.

c) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Trade payable and other liabilities					
As at January 1, 2010	$ 27,427	$ 122,366	$ -	$ -	149,793
December 31, 2010	12,924	49,852	-	-	62,776
December 31, 2011	9,075	15,000	-	-	24,075

Expressed in Canadian dollars

6. Discontinued Operations

As of August 31, 2010 the Company ceased all its transloading operations, which was carried out by its three subsidiaries, and disposed of all related assets. The loss from the transloading operations is as follows:

	Year ended December 31	
	2011	2010
REVENUE	$ -	$ 150,177
DIRECT COSTS		
Depreciation	-	56,362
Equipment costs	-	43,364
Labour costs	-	113,608
Subcontracts	-	73,462
Property costs	-	80,654
	-	367,450
Gross margin	-	(217,273)
GENERAL AND ADMINISTRATION EXPENSES		
Bad debts	-	41,586
Interest and bank charges	-	1,154
Entertainment and promotion	-	2,117
Insurance	-	3,285
Interest on long term debt	-	24,112
Management fees	-	59,333
Office and general	-	8,406
Professional fees	-	5,450
Travel	-	2,341
	-	147,784
Loss from operations before other expense	-	(365,057)
OTHER INCOME (EXPENSE)		
Interest and other expense	-	(4,503)
Gain on disposal of fixed assets	-	106,228
Costs of winding up	-	(95,005)
	-	6,720
Net income (loss) from discontinued operations	$ -	$ (358,337)

Expressed in Canadian dollars

7. Property, Plant and Equipment

The following is a reconciliation of the carrying amounts of property, plant and equipment.

	Yard Equipment	Road Equipment	Other Equipment	Total
Cost				
At January 1, 2010	$ 416,182	$ 469,537	$ 79,805	$ 965,524
Disposal of assets	(404,182)	(468,537)	(79,805)	(952,524)
Reclassification to "equipment held for sale"	(12,000)	(1,000)	-	(13,000)
At December 31, 2010 and 2011	$ -	$ -	$ -	$ -

	Yard Equipment	Road Equipment	Other Equipment	Total
Accumulated depreciation				
At January 1, 2010	$ 192,367	$ 452,500	$ 32,788	$ 677,655
Depreciation for the year	30,840	17,037	8,485	56,362
Disposal of assets	(223,207)	(469,537)	(41,273)	(734,017)
At December 31, 2010 and 2011	$ -	$ -	$ -	$ -

	Yard Equipment	Road Equipment	Other Equipment	Total
Carrying amounts				
At January 1, 2010	$ 223,815	$ 17,037	$ 47,017	$ 287,869
At December 31, 2010 and 2011	$ -	$ -	$ -	$ -

The Company disposed of most of its equipment as of December 31, 2010. The remaining capital assets were reclassified to a current asset account as "equipment held for sale", and recorded at the lower of carrying value or fair value as of December 31, 2010.

8. Obligation under Finance Leases

Finance leases relate to yard equipment and trailers which had interest rates varying from between 7% to 14% and secured by the underlying asset. The average monthly payments ranged from between $2,868 to $5,130 with lease expiry dates between 2010 and 2012. The leases either expired or were extinguished by August 2010.

Finance lease payments at the end of each reporting period under review were as follows:

	2011 and 2010	2009
No later than one year	$ -	$ 82,366
Later than one year, but no later than five years	-	23,781
Present value of minimum lease payments	$ -	$ 106,147

Expressed in Canadian dollars

9. Share Capital and Reserves

The Company is authorized to issue an unlimited number of common shares.

10. Share-Based Payments

a) Stock Option Plan Details

The Company, in accordance with its 2008 Stock Option Plan ("the 2008 Plan"), is authorized to grant options to directors, officers, employees, consultants, or service providers of the Company. Under the 2008 Plan, the maximum number of common shares which may be eligible for issuance at any one time, including shares issuable upon exercise of options outstanding is 2,731,391 common shares. Furthermore, the maximum number of common shares which may be granted to a participant under the 2008 Plan shall not exceed 5% of its issued and outstanding common shares on a non-diluted basis. The terms of the 2008 Plan provide that the Board of Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares at the time of granting the option. The options can be granted for a maximum term of 5 years. Options granted under the terms of the 2008 Plan vest at the discretion of the Board of Directors.

The following table summarizes the changes in options from January 1, 2010 to December 31, 2011:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year			Closing Balance	Vested and Exercisable
				Granted	Exercised	Forfeited		
Balance January 1, 2010				-	-	-	-	-
June 22, 2010	June 22, 2015	$ 0.20	-	800,000	-	-	800,000	800,000
Balance December 31, 2010 and 2011			800,000	-	-	-	800,000	800,000
Weighted Average Exercise Price			$ 0.20	$ 0.20	$ 0.00	$ 0.00	$ 0.20	$ 0.20

b) Fair Value of Options Issued During the Year

Options Issued:

The fair value of options granted during the year was $Nil (2010 - $109,580). The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following weighted average assumptions were used for the Black-Scholes valuation of share options issued:

	2011	2010
Risk-free interest rate	-	1.87%
Expected life of options	-	3 years
Annualized volatility	-	113.85%
Dividend rate	-	0%

Expressed in Canadian dollars

11. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2011	2010
Net loss before income taxes	$ (119,411)	$ (575,758)
Expected income tax recovery	(32,000)	(164,000)
Non-deductible expenses for tax purposes	-	16,000
Taxable item	-	30,000
Impact of future income tax rates applied versus current statutory rate	2,000	-
Change in unrecognized deductible temporary differences	30,000	118,000
Deferred income tax recovery	$ -	$ -

The significant components of the Company's deductible and taxable temporary differences and unused tax losses that have not been included on the consolidation statements of financial position are as follows:

	As of December 31,			
	2011	Expiry Dates	2010	Expiry Dates
Allowable capital losses	$ 629,000	Not applicable	$ 629,000	Not applicable
Non-capital losses	2,758,000	2014 to 2031	1,244,000	2014 to 2030
Capital assets	238,000	Not applicable	238,000	Not applicable

12. Related Party Transactions

Details of the transactions between the Company and related parties are disclosed below.

a) Trading transactions
The Company's related parties consist of companies owned by executive officers or related through a common director:

Name	Nature of transactions
671826 BC Ltd.	Management services
Skana Capital Corp.	Consulting and administrative services

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management or related through a common director.

	Year ended December 31,	
	2011	2010
Management fees	$ 23,600	$ 172,333
Directors' fee	-	15,000
	$ 23,600	$ 187,333

Expressed in Canadian dollars

b) Related Party Liabilities

The following is a summary of related party liabilities:

	As at December 31,		
	2011	2010	2009
Management fees and sales tax	$ 2,454	$ 24,852	$ 23,672

The Due to Related Party account balance consists of management fees accrued but not yet paid.

c) Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The following is a summary of key management compensation:

	Year ended December 31,	
	2011	2010
Management fees	$ 7,000	$ 59,333
Directors' fees	-	15,000
Termination benefits for management	-	80,000
Share-based payments	-	102,731
	$ 7,000	$ 257,064

13. Management of Capital

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to expand its business for the benefit of its shareholders.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive share options. The Company manages its capital structure and will make changes upon approval from its Board of Directors, as deemed appropriate under the specific circumstances and in light of economic conditions.

The Company is not exposed to any externally imposed capital requirements.

14. First-time Adoption of International Financial Reporting Standards

The Company's financial statements for the year-ending December 31, 2011 are the first annual financial statements prepared in accordance with IFRS. IFRS 1, "First-time adoption of International Financial Reporting Standards", requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the 2010 reporting date, which for the Company is December 31, 2010. Therefore, the financial statements for the year-ended December 31, 2011, the comparative information presented in these financial statements for the year-ended December 31, 2010 and the opening IFRS statement of financial position at January 1, 2010 are prepared in accordance with IFRS standards effective at the reporting date. However, IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters. Prior to transitioning to IFRS, the Company prepared its financial statements in accordance with "pre-changeover Canadian GAAP".

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

Reconciliation of pre change-over GAAP Equity and Comprehensive Loss to IFRS:

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods; however, the adoption of IFRS has neither changed the actual cash flows of the Company, nor resulted in changes to the Company's reported financial position and results of operations. As a result, a reconciliation from the Company's Canadian GAAP statement of financial position at December 31, 2010, and statement of comprehensive loss for the year ended December 31, 2010 to IFRS has been presented, however no reconciliation of the statement of cash flows for the year ended December 31, 2010 has been presented.

Expressed in Canadian dollars

Reconciliation of Statement of Financial Position as at January 1, 2010 – transition date

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 975,337	$ -	$ 975,337
Accounts receivable	40,486	-	40,486
Equipment held for sale	-	-	-
Prepaid expenses	6,886	-	6,886
Total current assets	1,022,709	-	1,022,709
Non-current assets			
Property, plant and equipment	287,869	-	287,869
Incorporation costs	530	-	530
Total non-current assets	288,399	-	288,399
Total assets	$ 1,311,108	$ -	$ 1,311,108
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	$ 43,755	$ -	$ 43,755
Due to related parties	23,672	-	23,672
Current portion of obligation under capital lease	82,366	-	82,366
Total current liabilities	149,793	-	149,793
Non-current liabilities			
Obligation under capital lease	23,781	-	23,781
Total non-current liabilities	23,781	-	23,781
Total liabilities	173,574	-	173,574
Shareholders' equity			
Share capital	7,147,892	-	7,147,892
Deficit	(6,010,358)	-	(6,010,358)
Total shareholders' equity	1,137,534	-	1,137,534
Total liabilities and shareholders' equity	$ 1,311,108	$ -	$ 1,311,108

Expressed in Canadian dollars

Reconciliation of Statement of Financial Position as at December 31, 2010

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 714,726	$ -	$ 714,726
Accounts receivable	4,855	-	4,855
Equipment held for sale	13,000	-	13,000
Prepaid expenses	1,551	-	1,551
Total current assets	734,132	-	734,132
Non-current assets			
Property, plant and equipment	-	-	-
Incorporation costs, at cost	-	-	-
Total non-current assets	-	-	-
Total assets	$ 734,132	$ -	$ 734,132
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	$ 37,924	$ -	$ 37,924
Due to related parties	24,852	-	24,852
Current portion of obligation under capital lease	-	-	-
Total current liabilities	62,776	-	62,776
Non-current liabilities			
Obligation under capital lease	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	62,776	-	62,776
Shareholders' equity			
Share capital	7,147,892	-	7,147,892
Reserves	109,580	-	109,580
Deficit	(6,586,116)	-	(6,586,116)
Total shareholders' equity	671,356	-	671,356
Total liabilities and shareholders' equity	$ 734,132	$ -	$ 734,132

Expressed in Canadian dollars

Reconciliation of the Statement of Comprehensive Loss for the Year Ended December 31, 2010

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing operations			
Expenses			
Bad debts (recovery)	$ 11,257	$ -	$ 11,257
Director's and management fees	48,000	-	48,000
Interest and bank charges	409	-	409
Office and general	743	-	743
Professional fees	35,149	-	35,149
Transfer agent and shareholder costs	13,664	-	13,664
Share-based payments	109,580	-	109,580
	218,802	-	218,802
Other income (expenses)			
Interest and other income	1,381	-	1,381
Loss for the year from continuing operations	(217,421)	-	(217,421)
Discontinued operations			
Loss for the year from discontinued operations	(358,337)	-	(358,337)
Total comprehensive loss for the year	$ (575,758)	$ -	$ (575,758)
Loss per share			
From discontinued operations			
Basic and diluted	$ (0.03)	$ -	$ (0.03)
From continuing operations			
Basic and diluted	$ (0.02)	$ -	$ (0.02)
Basic and diluted weighted average number of common shares outstanding	13,656,957	-	13,656,957