Triangle Industries Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in Canadian dollars)

For the three month period ended March 31, 2011

CONTENTS **Page**

Triangle Industries Ltd.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
Expressed in Canadian dollars

	Notes	**March 31, 2011**	December 31, 2010 (Note 13)	January 1, 2010 (Note 13)
Assets				
Current assets				
Cash and cash equivalents		**$ 710,952**	$ 714,726	$ 975,337
Accounts receivable		**2,415**	4,855	40,486
Equipment held for sale		**-**	13,000	-
Prepaid expenses		**-**	1,551	6,886
Total current assets		**$ 713,367**	$ 734,132	$ 1,022,709
Non-current assets				
Property, plant and equipment	7	**-**	-	287,869
Incorporation costs, at cost		**-**	-	530
Total non-current assets		**$ -**	$ -	$ 288,399
Total assets		**$ 713,367**	$ 734,132	$ 1,311,108
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		**$ 41,270**	$ 37,924	$ 43,755
Due to a director	8	**26,852**	24,852	8,672
Due to related parties	11	**-**	-	15,000
Current portion of obligation under capital lease		**-**	-	82,366
Total current liabilities		**$ 68,122**	$ 62,776	$ 149,793
Non-current liabilities				
Obligation under capital lease		**-**	-	23,781
Total non-current liabilities		**$ -**	$ -	$ 23,781
Total liabilities		**$ 68,122**	$ 62,776	$ 173,574
Shareholders' equity				
Share capital	9	**$ 7,147,892**	$ 7,147,892	$ 7,147,892
Contributed surplus	9	**109,580**	109,580	-
Deficit		**(6,612,227)**	(6,586,116)	(6,010,358)
Total shareholders' equity		**645,245**	671,356	1,137,534
Total liabilities and shareholders' equity		**$ 713,367**	$ 734,132	$ 1,311,108

Basis of preparation (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 condensed interim consolidated financial statements

Triangle Industries Ltd.

Condensed Interim Consolidated Statement of Comprehensive Loss (Unaudited)
Expressed in Canadian dollars
For the three months ended March 31

	Notes	**2011**	2010 (Note 13)
Continuing operations			
Bad debts		**$ 164**	$ -
Interest and bank charges		**292**	193
Director's and management fees	11	**11,000**	24,000
Office and general		**2,645**	-
Professional fees		**10,846**	428
Transfer agent and shareholder costs		**1,562**	5,736
Total expenses		**$ 26,509**	$ 30,357
Loss from operating activities		**(26,509)**	(30,357)
Interest and other income		**398**	336
Loss for the period from continuing operations		**(26,111)**	(30,021)
Discontinued operations			
Loss for the period from discontinued operations	6, 11	**-**	(116,140)
Loss and comprehensive loss for the period		**$ (26,111)**	$ (146,161)
Loss per share			
From continuing and discontinued operations			
Basic and diluted		**$ (0.00)**	$ (0.01)
From continuing operations			
Basic and diluted		**$ (0.00)**	$ (0.00)
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 condensed interim consolidated financial statements

Triangle Industries Ltd.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
Expressed in Canadian dollars
For the three months ended March 31

	Share Capital				
	Number of shares	Amount	Contributed Surplus	Deficit	Total
Balance, January 1, 2010	**13,656,957**	**$ 7,147,892**	**$ -**	**$ (6,010,358)**	**$ 1,137,534**
Loss for the period	-	-	-	(146,161)	(146,161)
March 31, 2010	**13,656,957**	**$ 7,147,892**	**$ -**	**$ (6,156,519)**	**$ 991,373**
Balance, January 1, 2011	**13,656,957**	**$ 7,147,892**	**$ 109,580**	**$ (6,586,116)**	**$ 671,356**
Loss for the period	-	-	-	(26,111)	(26,111)
March 31, 2011	**13,656,957**	**$ 7,147,892**	**$ 109,580**	**$ (6,612,227)**	**$ 645,245**

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

Triangle Industries Ltd.
Condensed Interim Consolidated Statements of Cash Flow (Unaudited)
Expressed in Canadian dollars
For the three months ended March 31

	Notes	**2011**	2010
Cash flows From operating activities			
Loss for the period from continuing operations		**$ (26,111)**	$ (30,020)
Items not affecting cash:			
Write-off of bad debts		**164**	-
Net change in non-cash working capital:			
Accounts receivable		**2,276**	(1,093)
Accounts payable and accrued liabilities		**3,346**	11,602
Due to related parties	11	**2,000**	4,419
Prepaid expenses		**1,551**	-
Total cash outflows from continuing operating activities		**(16,774)**	(15,092)
Cash flows from financing activities			
Advances (from) to directors		**-**	13,267
Total cash inflow from financing activities		**-**	13,267
Cash flows from investing activities			
Disposal of equipment		**13,000**	-
Total cash inflows from investing activities		**13,000**	-
Cash flows from discontinued operations			
Net cash used in operating activities		**-**	(124,284)
Net cash provided by investing activities		**-**	-
Net cash used in financing activities		**-**	(13,627)
Total cash (outflows) from discontinued operations		**-**	(137,911)
Decrease in cash and cash equivalents during the period		**(3,774)**	(139,736)
Cash and cash equivalents at beginning of period		**714,726**	975,337
Cash and cash equivalents at the end of period		**$ 710,952**	$ 835,601
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for income taxes		**$ -**	$ -
Cash paid for interest		**-**	3,184

There were no non-cash financing and investing activities during the three months ended March 31, 2011 and 2010.

The accompanying notes are an integral part of these condensed interim 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 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 and its registered office is located at Suite 800-570 Granville Street, Vancouver, British Columbia, Canada.

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 presentations of comparative figures in the condensed consolidated statement of comprehensive loss and statement of cash flows have been modified to segregate continuing and discontinued operations.

2. Basis of Preparation

(a) Statement of Compliance
The financial statements of the Company for the year-ending December 31, 2011 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"), the Company has prepared these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), and as they are part of the Company's first IFRS financial statements, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company provided in note 13.

The condensed interim financial statements were authorized for issue by the Board of Directors on June 28, 2011

(b) Basis of Measurement
The condensed interim financial statements have been prepared on a historical cost basis and 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.

(c) Going Concern of Operations
The 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 are expected to be adopted for the year-ending December 31, 2011 and have been applied consistently to all periods presented in these condensed interim 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) 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 cost 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 the replaced part 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 the profit or loss during the financial period 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. The net amount is recognized in other income in the Statement of Comprehensive 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.

(b) 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.

(c) 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.

(d) 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 the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments 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 payables 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 payables 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 held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) Principles of consolidation

The consolidated financial statements include the accounts of Triangle Industries Ltd., and its wholly-owned Canadian subsidiaries, Bridges Reload Inc., Burnaby Distribution Centres Inc., and Triangle Assets Ltd. On consolidation all material intercompany transactions have been eliminated.

(j) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(k) Revenue recognition

Revenues are recognized when services are provided and ultimate collection is reasonably assured.

(l) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(m) New accounting standards and interpretations
Certain new accounting standards, amendments to standards and interpretations have been issued. These standards have been assessed to not have a significant impact on the Company's financial statements:

- IFRS 7 (Amendment) Clarification of required level of disclosure[i]
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets[ii]
- IAS 24 Related Party Disclosure[i]
- IAS 1 (Amendment) Clarification of statement of changes in equity[i]
- IAS 34 (Amendment) Disclosure requirements for significant events and transactions[i]

[i]Effective for annual periods beginning on or after July 1, 2011
[ii]Effective for annual periods beginning on or after January 1, 2013

4. Critical Accounting Estimates and Judgements

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

Information about critical judgement 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 condensed interim 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 there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. 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 10.

5. Financial Instruments

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

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below:

(i) Level 1 – Quoted Prices in Active Markets for Identical Assets or Liabilities
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash equivalents, including demand deposits and money market instruments, 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.

(ii) Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

(iii) Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices.

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

Financial assets at fair value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 710,952	$ -	$ -	$ 710,952

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

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 accounts receivable.

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

Currency risk:
The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

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. As of March 31, 2011, the Company has cash and cash equivalents of $710,952 to settle liabilities of $68,122, which have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk:
The Company has cash balances and no interest-bearing debt.

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:

Three months ended	NOTE	March 31 2011	March 31 2010
REVENUE		$ -	$ 58,528
DIRECT COSTS			
Amortization		-	21,334
Equipment costs		-	13,268
Labour costs		-	39,877
Subcontracts		-	34,964
Property costs		-	30,087
		-	139,530
Gross margin		-	(81,002)
GENERAL AND ADMINISTRATION EXPENSES			
Bad debts		-	2,117
Interest and bank charges		-	259
Interest on long term debt		-	3,184
Management fees		-	20,000
Office and general		-	6,876
Professional fees		-	1,470
Travel		-	1,232
		-	(35,138)
Loss from discontinued operations		$ -	$ (116,140)

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 March 31, 2011	$ -	$ -	$ -	$ -

Expressed in Canadian dollars

	Yard Equipment	Road Equipment	Other Equipment	Total
Accumulated amortization				
At January 1, 2010	$ 192,367	$ 452,500	$ 32,788	$ 677,655
Depreciation for the period	30,840	17,037	8,485	56,362
Disposal of assets	(223,207)	(469,537)	(41,273)	(734,017)
At December 31, 2010, and March 31, 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 March 31, 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. All equipment held for sale was sold during the period ended March 31, 2011.

8. Due To or From Directors

Advances to or from directors of the Company are repayable within one year. They are unsecured and do not bear interest. The due to directors account balance consists of management fees accrued but not yet paid plus sales taxes due to a director from prior years.

9. Share Capital and Contributed Surplus

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

The following is a summary of changes in common share capital and contributed surplus from January 1, 2010 to March 31, 2011:

	Number of Shares	Amount	Contributed Surplus
Common Shares			
Balance at January 1, 2010	13,656,957	$ 7,147,892	$ -
Share Options (note 10)	-	-	109,580
Balance at December 31, 2010 and March 31, 2011	13,656,957	$ 7,147,892	$ 109,580

Expressed in Canadian dollars

10. Share-Based Payments

(a) 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 is a summary of changes in options from January 1, 2010 to March 31, 2011:

	Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable
Balance January 1 and March 31, 2010					-	-	-	-	-
	6/22/10	6/22/15	$ 0.20	-	800,000	-	-	800,000	800,000
Balance December 31, 2010 and March 31, 2011				800,000	800,000	-	-	800,000	800,000
Weighted Average Exercise Price				$ 0.00	$ 0.00	$ 0.20	$ 0.00	$ 0.00	$ 0.20

(b) Fair Value of Options Issued During the Period

Options Issued

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 impact of dilution, 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 stock options issued:

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

11. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other 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

Expressed in Canadian dollars

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. Expenses have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties:

	Three months ended March 31, 2011	2010
Management fees	$ 11,000	$ 29,000
Directors fee	-	15,000
Management fees	$ 11,000	$ 44,000

(b) Related Party Liabilities
The following is a summary of related party liabilities:

	Three months ended March 31, 2011	2010
Management fees and sales tax	$ 30,212	$ 44,438

(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:

	Three months ended March 31, 2011	2010
Salaries and directors' fees [i]	$ 2,000	$ 35,000

[i] Salaries and directors' fees include management fees disclosed in note 11(a)

12. Management of Capital

The Company's objectives when managing capital are 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 stock options. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company's capital consists of cash and equity instruments. The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. The Company's overall strategy with respect to management of capital remains unchanged from the year ended December 31, 2010.

13. 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 that will be 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 reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition 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.

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

OPTIONAL EXEMPTIONS

(a) Business Combinations
The Company has elected to not apply IFRS 3 to business combinations that occurred before the date of transition to IFRS, which is an election permitted on first-time adoption of IFRS. IFRS 3 is applicable for business combinations occurring on or after January 1, 2010.

(b) Share-based Payments Transactions
Under IFRS 1, a first time adopter can elect not to apply IFRS 2, "Share-based Payment," to share-based payments granted after November 7, 2001, that vested the later of (a) the date of the transition and (b) January 1, 2005. The Company has elected to apply this exemption and to apply IFRS 2 only to awards unvested at January 1, 2010, the date of transition. IFRS has not been applied to awards that vested prior to January 1, 2010.

(c) Leases
The Company has elected to apply the IFRS exemption with respect to leases. This election allows the Company to apply the transitional provisions of IFRIC Interpretation 4, "Determining Whether an Arrangement Contains a Lease," to determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date.

(d) Borrowing costs
Borrowing costs related to the acquisition, construction or production of qualifying assets must be capitalized under IAS 23, "Borrowing Costs." In accordance with IFRS 1, the Company has elected to prospectively apply IAS 23 effective January 1, 2010.

MANDATORY EXCEPTIONS

(a) Estimates
IFRS 1 requires that an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the entity's previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

RECONCILIATION OF PRE-CHANGE-OVER GAAP EQUITY AND COMPREHENSIVE INCOME 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 opening statement of financial position at January 1, 2010, and interim statements of financial position at March 31, 2010 and December 31, 2010, and statements of comprehensive loss for the three months ended March 31, 2010, and the year ended December 31, 2010, to IFRS are presented below showing no change, however no reconciliation of the statement of cash flows 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, at cost	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 a director	8,672	-	8,672
Due to related parties	15,000	-	15,000
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 March 31, 2010

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 835,601	$ -	$ 835,601
Accounts receivable	73,611	-	73,611
Prepaid expenses	6,421	-	6,421
Total current assets	$ 915,633	$ -	$ 915,633
Non-current assets			
Property, plant and equipment	266,534	-	266,534
Incorporation costs, at cost	530	-	530
Total non-current assets	$ 267,064	$ -	$ 267,064
Total assets	$ 1,182,697	$ -	$ 1,182,697
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	$ 57,446	$ -	$ 57,446
Due to a director	21,938	-	21,938
Due to related parties	19,419	-	19,419
Current portion of obligation under capital lease	75,840	-	75,840
Total current liabilities	$ 174,643	$ -	$ 174,643
Non-current liabilities			
Obligation under capital lease	16,680	-	16,680
Total non-current liabilities	$ 16,680	$ -	$ 16,680
Total liabilities	$ 191,323	$	$ 191,323
Shareholders' equity			
Share capital	7,147,892	-	7,147,892
Deficit	(6,156,518)	-	(6,156,518)
Total shareholders' equity	$ 991,374	$ -	$ 991,374
Total liabilities and shareholders' equity	$ 1,182,697	$ -	$ 1,182,697

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 assets	$ 734,132	$ -	$ 734,132
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	$ 37,924	$ -	$ 37,924
Due to a director	24,852	-	24,852
Due to related parties	-	-	-
Current portion of obligation under capital lease	-	-	-
Total current liabilities	$ 62,776	$ -	$ 62,776
Non-current liabilities			
Obligation under capital lease	-	-	-
Total liabilities	$ 62,776	$ -	$ 62,776
Shareholders' equity			
Share capital	7,147,892	-	7,147,892
Contributed surplus	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/Income for the Three Months Ended March 31, 2010

	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing operations			
Bad debts (recovery)	$ -	$ -	$ -
Interest and bank charges	193	-	193
Director's and management fees	24,000	-	24,000
Professional fees	428	-	428
Transfer agent and shareholder costs	5,736	-	5,736
Net loss from operating activities	(30,357)	-	(30,357)
Interest and other income	336	-	336
Loss for the period from continuing operations	(30,021)	-	(30,021)
Discontinued operations			
Loss for the period from discontinued operations	(116,140)	-	(116,140)
Loss and comprehensive loss for the period	$ (146,161)	$ -	$ (146,161)
Loss per share			
From continuing and discontinued operations			
Basic and diluted	$ (0.01)	$ -	$ (0.01)
From continuing operations			
Basic and diluted	$ (0.00)	$ -	$ (0.00)
Basic and diluted weighted average number of common shares outstanding	13,656,957	-	13,656,957

Expressed in Canadian dollars

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

	NOTE	Canadian GAAP	Effect of Transition to IFRS	IFRS
Continuing operations				
Bad debts		$ 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
Stock-based compensation		109,580		109,580
Transfer agent and shareholder costs		13,664	-	13,664
Net loss from operating activities		(218,802)	-	(218,802)
Interest and other income		1,381	-	1,381
Loss for the year from continuing operations		(217,421)	-	(217,421
Discontinued operation				
Loss for the year from discontinued operations		(358,337)	-	(358,337)
Loss and comprehensive loss for the period		$ (575,758)	$ -	$ (575,758)
Loss per share				
From continuing and discontinued operations				
Basic and diluted		$ (0.02)	$ -	$ (0.02)
From continuing operations				
Basic and diluted		$ (0.03)	$ -	$ (0.03)
Basic and diluted weighted average number of common shares outstanding		13,656,957		13,656,957