Ubika Corporation

Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended March 31, 2013 and 2012

(Unaudited)

Notice to Reader

The accompanying unaudited interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Ubika Corporation
Consolidated Balance Sheet
(Expressed in Canadian Dollars)
(unaudited)
As at

	March 31, 2013	December 31, 2012 (audited)
Assets		
Current		
Accounts receivable (Note 5)	$ 283,348	$ 251,708
	283,348	251,708
Property and equipment	5,435	5,795
Investments (Note 8)	856,133	864,448
Due from related parties (Note 7)	51,271	55,000
	$ 1,196,187	$ 1,176,951
Liabilities		
Current		
Bank indebtedness (Note 10)	$ 113,184	$ 78,933
Accounts payable and accrued liabilities	249,229	274,109
Customer deposits	152,163	227,373
Due to related parties (Note 9)	292,825	74,718
Income taxes payable	58,919	58,919
	866,320	714,052
Deferred income taxes	78,007	78,007
Due to related parties (Note 9)	-	109,284
	944,327	901,343
Shareholders' Equity		
Share capital (Note 11)	2,000	2,000
Accumulated other comprehensive income (loss)	(75,441)	(74,212)
Retained earnings	325,301	347,820
	251,860	275,608
	$ 1,196,187	$ 1,176,951

Nature of business *(Note 1)*
Commitments *(Note 13)*
Subsequent events *(Note 14)*

Approved by the Board **"Viswanathan Karamadam"** Director **(Signed)** **"Vikas Ranjan"** Director **(Signed)**

See accompanying notes

Ubika Corporation

ConsolidatedStatement of Operations and Comprehensive Income
(Expressed in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2013 and 2012

	March 31, 2013	March 31, 2012
Revenue (Note 6)		
Listing and research fees	$ **223,210**	$ 213,662
Other services	**1,500**	11,044
	224,710	224,706
Expenses		
Consulting and professional fees	**59,087**	105,040
General and administrative	**41,326**	43,705
Interest expense	**2,191**	2,592
Realized net loss from disposal of investments	**47,323**	131,120
Salaries and management fees	**96,859**	67,796
	246,786	350,253
Loss before income taxes	**(22,076)**	(125,547)
Income taxes		
Current income taxes	**-**	15,301
Deferred income taxes	**443**	(133,692)
	443	(118,391)
Net earnings (loss)	**(22,519)**	(7,156)
Other comprehensive income (loss)		
Unrealized investment gain (loss)	**(33,116)**	374,442
Tax affect of unrealized investment gain (loss)	**(8,776)**	99,227
Total comprehensive income (loss)	**(24,340)**	275,215
Net earnings (loss) and other comprehensive income (loss)	$ **(46,859)**	$ 268,059
Earnings (loss) per share		
Basic and diluted	$ **(11.26)**	$ (3.58)
Weighted average number of common shares outstanding		
Basic and diluted	**2,000**	2,000

See accompanying notes

Ubika Corporation

ConsolidatedStatement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(unaudited)

For the three months ended March 31, 2013 and 2012

	Share Capital Number of Shares	Amount	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, January 1, 2012	2,000 $	2,000 $	(75,857)$	114,951 $	41,094
Net earnings	-	-	-	(7,156)	(7,156)
Other comprehensive income	-	-	275,215	-	275,215
Realized loss on disposal of investments	-	-	104,117	-	104,117
Balance, March 31, 2012	2,000	2,000	303,475	107,795	413,270
Net earnings	-	-	-	240,025	240,025
Other comprehensive income	-	-	(442,502)	-	(442,502)
Realized loss on disposal of investments	-	-	64,815	-	64,815
Balance, December 31, 2012	**2,000**	**2,000**	**(74,212)**	**347,820**	**275,608**
Net earnings	-	-	-	(22,519)	(22,519)
Other comprehensive income	-	-	(24,340)	-	(24,340)
Realized loss on disposal of investments	-	-	23,111	-	23,111
Balance, March 31, 2013	**2,000 $**	**2,000 $**	**(75,441)$**	**325,301 $**	**251,860**

See accompanying notes

Ubika Corporation
ConsolidatedStatement of Cash Flows
(Expressed in Canadian Dollars)
(unaudited)
For the three months ended March 31, 2013 and 2012

	March 31, 2013	March 31, 2012
Cash provided by (used in)		
Operations		
Net loss	$ **(22,519)**	$ (7,156)
Items not affecting cash		
Amortization	**360**	219
Investments received for services	**(67,347)**	(38,311)
Deferred income taxes	**443**	(133,692)
Bad debt expense	**2,000**	-
Gain on disposal of investment	**-**	(6,535)
Loss on settlement of accounts receivable	**15,880**	-
Loss on expiry of options	**31,443**	137,665
	(39,740)	(47,810)
Net changes in non-cash working capital		
Accounts receivable	**(70,591)**	(8,361)
Accounts payable and accrued liabilities	**(24,880)**	(33,798)
Income taxes payable	**-**	15,306
Customer deposits	**(7,863)**	-
Due to related parties	**65,300**	(2,905)
	(77,774)	(77,568)
Investing		
Purchase of investments	**-**	(2,000)
Proceeds from disposal of investment	**-**	13,170
	-	11,170
Financing		
Advances from related parties	**48,523**	42,000
Advances to related parties	**(5,000)**	(3,983)
Interest accrued on shareholder loans	**-**	2,083
Repayment of loans payable	**-**	(3,750)
Advances from line of credit	**34,251**	-
	77,774	36,350
Net change in cash	**-**	(30,048)
Cash, beginning of period	**-**	59,215
Cash, end of period	$ **-**	$ 29,167

See accompanying notes

1. NATURE OF THE BUSINESS

Ubika Corp. (the "Company") is an investment research and capital market services firm operating in Toronto and Vancouver. Its main focus is on small-cap companies with a market capitalization of less than $1,000,000,000. The Company was incorporated on March 4, 2004. The head office, principal and registered address of the Company is located at 36 Lombard Street, Suite 700, Toronto, Ontario M5C 2X3.

These consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiary, Small Cappower Corp., which was incorporated under the Canada Business Corporation Act on May 4, 2012.

The consolidated interim financial statements of the Company for the period ended March 31, 2013 were approved by the Board of Directors on July 16, 2013.

2. BASIS OF PREPARATION

The interim consolidated financial statements of the Company as at March 31, 2013 and for the three month periods ended, March 31, 2013 and 2012 have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The policies applied in these interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and effective at the beginning of the period ended March 31, 2013. The notes related to the interim periods do not include all of the information and footnotes required by IFRS for full annual financial statements. The policies as set out in these financial statements were consistently applied to all the periods presented. In the Notes to the Consolidated Financial Statements, all dollar amounts in tabulations are in Canadian dollars, unless otherwise indicated. The consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements unless otherwise indicated.

Use of Estimates and Judgements

The preparation of the consolidated interim financial statements in conformity with IFRSs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates and Judgements (Cont'd)

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated interim financial statements are noted below with further details of the assumptions in the following notes:

(a) Fair value of options and warrants received

The fair value of options and warrants received as consideration is calculated using the Black-Scholes valuation model, unless quoted values are available. The assumptions used when determining the fair value using the Black-Scholes model are equivalent to that which are used by the individual companies that issued the instruments. Those assumptions include risk free rate, expected life, expected volatility and expected dividend yield. Risk free rate is determined based on the yield rate for Government of Canada instruments with maturities which coincides with the life of the options and warrants. Expected life is determined by the terms and conditions of each instrument. Expected volatility is determined by the closing sale price for the entity or similar entities for a historical time interval equal to the expected life of the instrument or based on comparable companies. Expected dividend yield is determined by the terms and conditions of each instrument.

(b) Investment valuation

Investments consist of common shares, warrants and options of publicly listed companies which are designated as available-for-sale. Warrants and options are subject to estimate based on the discussion above.

(d) Investments received for services

The Company uses judgement in determining whether the collectibility of service revenue consideration is reasonably assured at the time the contract is entered into, including investments received for services that will vest over the term of the contract. Subsequently, the Company estimates a provision for any warrants and options that are not expected to ultimately vest.

(e) Recoverability of receivables

The Company makes estimates about future events and circumstances in determining whether the carrying amount of receivables exceeds its recoverable amount.

(f) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currency

The functional currency of the Company is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are recognized in the statement of operations.

Financial Instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

The Company's financial assets include cash, accounts receivable, due from related party and investments. The Company's financial liabilities include bank indebtedness, accounts payable and accrued liabilities, loans payable and due to related parties. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Accounts receivable	Loans and receivables
Due from related party	Loans and receivables
Investments	Available-for-sale
Bank indebtedness	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

Financial instruments recorded at fair value on the interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the balance sheet consist of cash and investments.

As at March 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Bank indebtedness	**$ (113,184)**	**$ -**	**$ -**	**$ (113,184)**
Investments	**284,851**	**571,282**	**-**	**856,133**
	$ 171,667	**$ 571,282**	**$ -**	**$ 742,949**

As at December 31, 2012	Level 1	Level 2	Level 3	Total
Cash	$ (78,933)	$ -	$ -	$ (78,933)
Investments	300,360	564,088	-	864,448
	$ 221,427	$ 564,088	$ -	$ 785,515

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

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 of property and equipment, and are recognized net within other income in profit or loss.

(b) Amortization

Amortization is calculated over the estimated useful lives of the assets on a declining balance basis as follows:

Computer software	30%
Furniture and equipment	20%

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of operations.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment (Cont'd)

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as cash generating units (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of an asset is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Revenue

(a) Listing and research fees

Revenue is recognized over a straight line basis over the term of the sales contracts when collection is reasonably assured. The fair value of the consideration received and receivable is measured when the contract is entered into.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue (Cont'd)

(b) Other services

The Company recognizes revenue at the time persuasive evidence of an agreement exists, the price is fixed and determinable, service is delivered to the customer and collectibility is reasonably assured.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Compensation

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

Earnings Per Share

Basic earnings per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The following pronouncements issued by the IASB and interpretations published by IFRIC have become effective for annual periods beginning after January 1, 2013:

(a) IFRS 9 Financial Instruments was issued by the IASB in October 2010 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 rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted.

(b) IFRS 10 Consolidated financial statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate consolidated financial statements.

(c) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers.

(d) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

(e) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

(f) IFRS 7 Financial Instruments: Disclosures was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of consolidated financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

The IASB also amended the following standards which is effective as per the date identified.

(a) IFRS 10 Consolidated Financial Statements was amended to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

(Expressed in Canadian Dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (Cont'd)

(b) IFRS 9 Financial Instruments addresses the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The new standard also requires a single impairment method to be used. The IASB has extended the effective date to January 1, 2015, with earlier application permitted.

The Company does not anticipate that the adoption of these standards and interpretations will have a material impact on the condensed consolidated interim financial statements of the Company.

5. ACCOUNTS RECEIVABLE

The Company's accounts receivables arise from trade receivables due from customers. Below is an aged analysis of the Company's accounts receivables:

	March 31, 2013	December 31, 2012 (audited)
Less than 90 days	**$ 103,113**	$ 147,748
Over 90 days	**180,235**	103,960
Total trade and other receivables	**$ 283,348**	$ 251,708

6. REVENUE

	March 31, 2013	March 31, 2012
Listing and research fees		
Amount to be settled in cash	**$ 155,863**	$ 152,500
Amount settled in options	**45,847**	48,662
Amount settled in shares	**21,500**	12,500
	$ 223,210	$ 213,662
Other services		
Amount to be settled in cash	**$ 1,500**	$ 11,044

(Expressed in Canadian Dollars)

7. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

During the period, the Company had a loan receivable from a shareholder of the Company in the amount of $51,271 (December 31, 2012 - $55,000). The loan is unsecured, non-interest bearing and without specific terms of repayment.

During the period ended March 31, 2013, the Company paid $9,900 (March 31, 2012 - $9,000) in rent expense and received $1,500 (March 31, 2012 - paid $2,250) in referral and commission fees to the same shareholder of the Company.

8. INVESTMENTS

The Company has a portfolio of investments that are considered available-for-sale assets.

	March 31, 2013	December 31, 2012 (audited)
Common shares	**$ 286,701**	$ 304,560
Options	**415,056**	510,010
Warrants	**154,376**	49,878
	$ 856,133	$ 864,448

As at March 31, 2013, investments included $76,365 in options that had not vested. (December 31, 2012 - $122,212).

9. DUE TO RELATED PARTIES

	March 31, 2013	December 31, 2012 (audited)
Due to shareholders	**$ 273,075**	$ 184,002
Due to related parties	**19,750**	-
	$ 292,825	$ 184,002

The balance due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

10. CREDIT FACILITIES

On October 16, 2012, the Company has established a facility with a Canadian chartered bank to support its continuing working capital needs. This credit facility is collateralized by a general security agreement covering all of the Company's assets and a personal guarantee from two shareholders.

The details of this credit facility are as follows:

(i) a $125,000 revolving demand line of credit, bearing interest at the bank's prime rate plus 1.75%.

As at March 31, 2013, the Company has drawn $113,184 (December 31, 2012 - $78,933) on its operating line of credit.

11. SHARE CAPITAL

The Company has the following number of shares authorized for issue:

- unlimited number of Class "A" common shares
- unlimited number of Class "B" common shares
- unlimited number of Class "C" common shares
- unlimited number of Class "D" preferred shares
- unlimited number of Class "E" preferred shares
- unlimited number of Class "F" preferred shares
- unlimited number of Class "G" preferred shares

During the year ended December 31, 2012 the Company entered into an agreement to repurchase 100 common shares back from a shareholder for $15,000. Pursuant to the agreement, the shareholder will surrender the shares upon receipt of the payment which must occur on or before June 30, 2013. The Company repurchased these shares subsequent to period end (Note 14).

12. RISK MANAGEMENT

Capital Risk Management

The Company includes equity, comprised of issued share capital, accumulated other comprehensive income and retained earnings, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market its services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2013.

Financial Risk Management

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

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

(a) Market risk

(i) Interest rate risk

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

The loans payable bore interest at a fixed rate of interest, and as such were subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations.

(ii) Equity and other price risk

Equity and other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The investments held by the Company are subject to normal fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Company is equivalent to the fair value of the financial instruments. Management moderates this risk by employing experienced management who are involved in the investment decisions of the Company and monitor the portfolio on a regular basis.

(Expressed in Canadian Dollars)

12. RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

(ii) Equity and other price risk (Cont'd)

The most significant exposure to equity and other price risk arises from the Company's investments. A plus or minus 10% change in the fair value of investments would have a plus or minus change in other comprehensive income of $63,000 (December 31, 2012 - $64,000).

(b) Credit risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions. The Company is subject to risk of non-payment of accounts receivable due to the fact that the Company's primary clientele are small public companies, often with limited liquidity. The Company mitigates the risk in accounts receivable by monitoring the credit worthiness of its customers.

(c) Liquidity risk

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

As at March 31, 2013, the Company has bank indebtedness, accounts payables and accrued liabilities, and income taxes payable of approximately $421,332 (December 31, 2012 - $411,961) and loans payable of $NIL (December 31, 2012 - $NIL) due within 12 months and has accounts receivable of $283,348 (December 31, 2012 - $251,708) to meet its current obligations. Classified in long-term assets are certain marketable securities which may be sold to meet working capital requirements if needed.

13. COMMITMENTS

The Company has entered into several future commitments related to services for the operations of the Company. The combined future minimum payments are as follows:

Less than 1 year	$	187,400
1-5 years		20,800
	$	**208,200**

In included in less than one year is $150,000 due to be incurred as the minimum amount of services on a contract. The remaining amount to be spent on the contract is the greater of $150,000 or 50% of the earnings of Small Cappower Corp.

14. SUBSEQUENT EVENTS

(i) On April 10, 2013 the Company secured a bridge loan with a Canadian chartered bank of $100,000. The loan bears interest at the bank's prime rate plus 3.25% and is due July 31, 2013.

(ii) On May 10, 2013, the Company completed the first tranche of a private placement of 30,022 subscription receipts for proceeds of $30,022,000. Each subscription receipt is entitled to receive one debenture in the amount of $1,000. The debentures earn interest at a variable rate ranging from 3% to 8% based on the Company's performance.

On June 21, 2013, the Company completed the second tranche of a private placement of 24,000 subscription receipts for proceeds of $24,000,000. Each subscription receipt is entitled to receive one debenture in the amount of $1,000. The debentures earn interest at a variable rate ranging from 3% to 8% based on the Company's performance.

A total of $52,930,260 was raised representing gross proceeds less agent fees and other expenses.

(iii) On May 15, 2013, the Company satisfied the obligation from the agreement signed on January 21, 2013. The agreement gave the Company the option to purchase for cancellation 300 outstanding common shares of the Company from a shareholder at a purchase price of $402.74. The $51,271 loan outstanding (Note 7) was applied against the total consideration required to repurchase the shares from the shareholder.

(iv) On June 12, 2013, the Company satisfied the obligation from the agreement signed on September 17, 2012, in which a shareholder holding 100 of the outstanding common shares of the Company has agreed to sell, assign and transfer unto the Company all of their common shares of the Company. The Company purchased the common shares for cancellation for a total consideration of $15,000.

(v) On June 25, 2013, the Company completed its business combination with SearchGold Resources Inc. ("SearchGold"), whereby SearchGold acquired all of the issued and outstanding shares in the Company in exchange for shares in SearchGold. Since the shareholders of the Company now control the resulting issuer, the transaction was recorded as a reverse take-over of SearchGold by the Company.