
COMPEL CAPITAL INC.

Financial Statements

For the Quarter Ended June 30, 2012 and 2011

Notice of No Review By Auditor:

In accordance with National Instrument 51-102 Continuous Disclosure of Canadian Securities Administrators, we hereby give notice that our financial statements for the quarter ended June 30, 2012, which follow this notice, have not been reviewed by our Auditors.

Compel Capital Inc.
Statement of Financial Position
As at June 30, 2012
(unaudited - prepared by management)

AS AT	30-Jun 2012	31-Dec 2011
	(unaudited)	
ASSETS		
	\$0	\$0
LIABILITIES		
Payables and accruals	12,632	19,816
Loans Payable (Note 3)	0	4,130
Payables and accrued liabilities	12,632	23,946
SHAREHOLDERS' Deficiency		
Share capital (Note 6)	308,165	308,165
Deficit	(320,797)	(332,111)
	(12,632)	(23,946)
	\$0	\$0

Approved on behalf of the Board:

Rob Saltzman Director

Martin Bernholtz Director

Compel Capital Inc.
Statement of Loss and Comprehensive Loss and Deficit
For the quarter ended June 30, 2012
(unaudited - prepared by management)

	Six months ended June 30 2012	Six months ended June 30 2011	Three months ended June 30 2012	Three months ended June 30 2011
Expenses				
Transfer Agent an filing fees	600	374	600	74
General and Administrative	0	0	0	0
Net Loss	(600)	(374)	(600)	(74)
Other Comprehensive Income (Loss)	-	-	-	-
Total Comprehensive Loss	(600)	(374)	(600)	(74)
Deficit, Beginning of Period	(328,572)	(320,423)	(328,572)	(320,423)
Deficit, End of Period	(329,172)	(320,797)	(329,172)	(320,497)
Loss per Share Basic and Diluted	\$ (0.000)	\$ (0.000)	\$ (0.000)	\$ (0.000)
Weighted Average number of Common Shares outstanding (basic and fully diluted)	2,127,288	2,127,288	2,127,288	2,127,288

Compel Capital Inc.
Interim Statement of Cash Flows
For the quarter ended June 30, 2012
(unaudited - prepared by management)

	Six months ended June 30 2012	Six months ended June 30 2011	Three months ended June 30 2012	Three months ended June 30 2011
Cash provided by (used in):				
OPERATING ACTIVITIES				
Net Loss for the quarter	(600)	(374)	(600)	(74)
Lawyers Trust		(2,689)		
Payables and accruals	600	(8,065)	600	74
Loans Payable (Note 3)		11,128		
	-	-	-	-
FINANCING ACTIVITIES				
	0	0	0	0
Change in cash for the year	0	0	0	0
Cash, beginning of year	0	0	0	0
	\$0	\$0	\$0	\$0

Compel Capital Inc.
 Statement of Changes in Equity
 For the quarter ended June 30, 2012
 (unaudited - prepared by management)

	Share Capital	Contributed Surplus	Accumulated OCI	Deficit	Total Equity
Balance January 1, 2012	308,165			(328,572)	(20,407)
Net Earnings (Loss)				(600)	(600)
Other Comprehensive Income					
Balance June 30, 2012	<u>308,165</u>	<u>0</u>	<u>0</u>	<u>(329,172)</u>	<u>(21,007)</u>
Balance January 1, 2011	308,165			(320,423)	(12,258)
Net Earnings (Loss)				(374)	(374)
Balance June 30, 2011	<u>308,165</u>	<u>0</u>	<u>0</u>	<u>(320,797)</u>	<u>(12,632)</u>

COMPEL CAPITAL INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2012
(UNAUDITED – PREPARED BY MANAGEMENT)

1. Going concern

Compel Capital Inc. (the "Company") incorporated under the laws of the Province of Ontario has been inactive for several years.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. This assumes that the Company will realize its net assets in the normal course of business. The Company has incurred significant losses for the past several years and has no assets and that creates doubts as to its ability to continue as a going concern. Management is in the process of identifying sources for additional financing for working capital and to fund the development of business and management proposes to develop plans to continue the business as a going concern.

2. Summary Of Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

There have been no judgments made by management in the application of IFRS that have a significant effect on these financial statements.

Financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accrued liabilities	Other liabilities

The Company's financial instruments measured at fair value on the balance sheet consist of cash and accrued liabilities. Cash and accrued liabilities are measured at level 2 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Impairment

(i) 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.

Financial Instruments (Cont'd)

For the purpose of impairment testing, assets 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 (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs 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 assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are 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 depreciation, if no impairment loss had been recognized.

(ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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 asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments and gains or losses on certain derivative

instruments. To date there has not been any other comprehensive income (loss) and accordingly, a statement of comprehensive income (loss) has not been presented.

Deferred Share Issuance Costs

These costs relate directly to the proposed issuance of shares by the Company, as disclosed in Note 7. Upon completion of the initial public offering, the costs will be charged against capital stock.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Future Changes in Accounting Policies

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

- Financial Instruments (IAS 39 replacement)
- Consolidation
- Fair Value Measurement
- Financial Statement Presentation
- Leases
- Revenue Recognition
- Joint Ventures
- Post-employment benefits
- Insurance contracts

The Company is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

3. Cash and Cash Equivalents

The proceeds raised from the issuance of capital stock may only be used to identify and evaluate assets or businesses for future investments. The market value of cash and cash equivalents is equal to its carrying value.

4. Capital Stock

Authorized:

Unlimited Common Shares

Issued – Common Shares:

	Number of Shares	Amount
Balance as at June 30, 2012	2,127,288	\$ 308,165
Balance as at December 31, 2011	2,127,288	\$ 308,165

As at June 30, 2012 the Company had 2,127,288 common shares issued and outstanding. On July 6, 2010 the Company issued a total of 1,494,660 common shares to certain of the Company's debt holders at a subscription price of \$ 0.10 per share in full and final settlement of \$ 149,660 principal amount of unsecured debt (the "Debt Settlement Transaction").

5. Loans payable

The loans are interest-free and have no fixed terms of repayment.

6. Related party transactions

There are no related party transactions.

7. Capital risk management

The Company considers capital stock, contributed surplus and deficit to represent capital. As at June 30, 2012, the Company has a negative capital balance and managements' objective is to maintain its ability to continue as a going concern by identifying sources for additional financing for working capital and to fund the development of a business.

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 quarter ended June 30, 2012.

8. Stock-Based Compensation

No stock-based compensation has been issued in the quarters ended June 30, 2012 and 2011