Grasslands Entertainment Inc.

Consolidated Financial Statements

For the Years Ended June 30, 2011 and 2010

Collins Barrow
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grasslands Entertainment Inc.

We have audited the accompanying consolidated financial statements of Grasslands Entertainment Inc. which comprise the consolidated balance sheets as at June 30, 2011 and 2010 and the consolidated statements of operations and comprehensive loss and deficit and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grasslands Entertainment Inc. as at June 30, 2011 and 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
October 26, 2011
Toronto, Ontario

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Grasslands Entertainment Inc.
Consolidated Balance Sheets
As at June 30, 2011 and 2010

		2011		2010
Assets				
Current				
Cash and cash equivalents	**$**	**75,836**	$	157,819
Accounts receivable		**23,458**		19,617
Government assistance receivable (Note 4)		**21,592**		21,592
		120,886		199,028
Property and equipment (Note 5)		**1,100**		1,572
Investments (Note 6)		**30,001**		75,001
	$	**151,987**	$	275,601
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**29,223**	$	63,010
Shareholders' Equity				
Share capital (Note 7)		**1,480,189**		1,480,189
Warrants (Note 9)		**-**		24,549
Contributed Surplus (Note 8)		**40,880**		16,331
Deficit		**(1,398,305)**		(1,308,478)
		122,764		212,591
	$	**151,987**	$	275,601

Basis of Presentation (Note 1)
Contingency (Note 12)
Related Party Transactions (Note 13)
Pending Acquisition (Note 16)

Approved by the Board **"Jim Ripley"** Director **(Signed)** **"Ned Studer"** Director **(Signed)**

Grasslands Entertainment Inc.
Consolidated Statements of Operations and Comprehensive Loss and Deficit
Years Ended June 30, 2011 and 2010

	2011	2010
Revenue		
Commercial production	**$ 39,076**	$ 18,894
Expenses		
Amortization of property and equipment	**472**	674
General and administrative	**81,736**	224,468
Impairment of investments	**45,000**	89,062
Other production costs	**1,763**	1,475
	128,971	315,679
Loss before the undernoted item	**(89,895)**	(296,785)
Other income (expenses)		
Interest income	**68**	11,737
Net loss and comprehensive loss	**(89,827)**	(285,048)
Deficit, beginning of year	**(1,308,478)**	(1,023,430)
Deficit, end of year	**$ (1,398,305)**	$ (1,308,478)
Loss per share		
Basic and diluted	**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstanding		
Basic and diluted	**16,997,696**	16,997,696

See accompanying notes

Grasslands Entertainment Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

		2011		2010
Cash provided by (used in)				
Operations				
Net loss	$	**(89,827)**	$	(285,048)
Items not affecting cash				
Amortization of property and equipment		**472**		674
Impairment of investment		**45,000**		89,062
Advance to director written off		**-**		1,127
		(44,355)		(194,185)
Net changes in non-cash working capital				
Accounts receivable		**(3,841)**		47,282
Prepaid expenses		**-**		3,570
Accounts payable and accrued liabilities		**(33,787)**		(20,993)
Net change in cash		**(81,983)**		(164,326)
Cash and cash equivalents, beginning of year		**157,819**		322,145
Cash and cash equivalents, end of year	$	**75,836**	$	157,819

Supplemental Disclosure

Cash paid for interest	$	**-**	$	87

Cash and cash equivalents consist of:

Cash on hand, net of outstanding cheques	$	**44,998**	$	(191)
Term deposits - GIC		**30,838**		158,010
	$	**75,836**	$	157,819

1. BASIS OF PRESENTATION

Grasslands Entertainment Inc. (the "Company" or "Grasslands") is a public company listed on the TSX Venture Exchange. Prior to October 1, 2007 the Company's main business was in creating, developing, producing and marketing television broadcast entertainment content. Subsequent to that date the Company has primarily been involved in seeking strategic alternatives to maximize share value.

The consolidated financial statements of the Company are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the assets, liabilities and results of operations, after elimination of inter-company transactions and balances of the Company, and its wholly owned subsidiary 1183290 Alberta Inc. and that subsidiary's 50% interest in GR2 Productions, a joint venture established to develop and produce the initial year of the Eat, Shrink & Be Merry series for television.

Cash and Cash Equivalents

The Company considers all highly liquid investments, with an insignificant risk of change in value, purchased with an original maturity of three months or less to be cash equivalents. The cash equivalents held by the Company at year end are 30-day term deposits, bearing interest at 0.3% per annum.

Revenue Recognition

Revenue from commercial production consists of license fees for the right to broadcast television programs and commercial productions in specified geographic markets and over limited periods of time. Revenue is recognized in the period in which it is earned, which generally coincides with the period that the programs and productions have been broadcasted.

Interest income is recognized when earned and reasonable assurance as to collectability exists.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

Property and equipment consists of office equipment which is recorded at cost. Office equipment is amortized using the declining balance method at a rate of 30% per annum..

Impairment of Long-lived Assets

Property and equipment with finite lives are reviewed for impairment when events or circumstances indicate that carrying values may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of its carrying value over its fair value.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are likely to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the rate of exchange at each transaction date. Gains or losses on translation are included in income.

Stock-based Compensation

The Company applies a fair value based method of accounting to all stock-based payments, as set out in the CICA handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments".

Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Stock-based compensation is charged to operations over the vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Valuation of Warrants

Warrants issued are valued at fair value of the warrants on the date of the grant, determined using the Black-Scholes option-pricing model. Option pricing models require input of highly subjective assumptions, including the expected price volatility. Changes to these assumptions can materially affect the fair value estimate.

Share Issue Costs

Costs that are directly attributable to issuance of capital stock are charged to share capital when the related shares are issued.

Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Use of Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. The significant area requiring the use of estimates involves the determination of fair value of stock options granted and warrants issued and the impairment of investments. Actual results may differ from these estimates.

Comprehensive Income

Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

CICA Handbook section 3855 requires that all financial assets and liabilities be carried at fair value in the consolidated balance sheet, except for loans and receivables, financial assets held to maturity, other liabilities and certain available for sale assets. The latter are carried at amortized cost using the effective interest method. Investments in equity instruments that are available for sale and do not have a quoted market price in an active market are recorded at cost subject to impairment for other than temporary declines in value. Changes in the fair value of financial instruments carried at fair value are charged or credited to the consolidated statement or operations for the current year.

The company has classified its financial assets and liabilities as follows:

Assets/Liabilities	Category	Measurement
Cash and cash equivalents	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Investments	Available for sale	Cost

Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of cash and cash equivalents approximated their carrying amounts due to the relatively short period to maturity. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

June 30, 2011	**Level One**	**Level Two**	**Level Three**
Cash and cash equivalents	$ 75,836	$ -	$ -

June 30, 2010	Level One	Level Two	Level Three
Cash and cash equivalents	$ 157,819	$ -	$ -

3. RECENT ACCOUNTING PRONOUNCEMENT

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for principles for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on and after January 1, 2011. The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company's current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

Business Combinations

The CICA recently introduced Handbook Section 1582 – Business Combinations to replace Handbook Section 1581 – Business Combinations. The new standard will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of this standard on its financial statements.

Consolidated Financial Statements and Non-Controlling Interests

The CICA recently introduced Handbook Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which will replace Handbook Section 1600 – Consolidated Financial Statements establishing a new section for accounting for a non-controlling interest in a subsidiary. These new sections apply to interim and annual consolidated statements for the years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of these standards on its financial statements.

4. GOVERNMENT ASSISTANCE RECEIVABLE

The Company has applied for or is entitled to apply for credits and grants from federal and provincial government programs. The following funding has been applied for and has reduced the cost of production of "The Thirsty Traveller V" and "Eat, Shrink & Be Merry".

	2011	2010
Federal tax credit outstanding	**$ 21,592**	$ 21,592

5. PROPERTY AND EQUIPMENT

June 30, 2011		**Cost**		**Accumulated Amortization**		**Net**
Office equipment	**$**	**23,126**	**$**	**22,026**	**$**	**1,100**

June 30, 2010		Cost		Accumulated Amortization		Net
Office equipment	$	23,126	$	21,554	$	1,572

6. INVESTMENTS

At June 30, 2011, investments in private companies consisted of the following:

(a) 300,000 units of Caldera Geothermal Inc. ("Caldera") with each unit comprising one common share and one-half share purchase warrant, exercisable at $0.50 per share expiring on April 2, 2012.

During the year, it was determined that the fair values of the units were impaired and were written down to $30,000. This was based on the debt for share settlements that Caldera is proceeding on the basis of $0.10 per share.

(b) 75 units of Enerasia Renewable Corp. with each unit comprising $1,000 principal amount convertible Debenture and 2,500 common share purchase warrants exercisable at $0.20 per share expiring on April 2, 2014.

The Debentures have a term of 24 months and bear interest at the rate of 15% per annum, payable in equity securities of Enerasia Renewable Corp.

In 2010, it was determined that the fair value of the debentures were impaired and were written down to $1. During that reporting period, $11,737 interest income earned from this investment and $2,813 accrued interest from 2009 were also written down to $Nil.

The following is a summary of the investments held by the Company in private companies.

		2011		2010
Caldera Geothermal Inc.	**$**	**30,000**	$	75,000
Enerasia Renewable Corp.		**1**		1
	$	**30,001**	$	75,001

7. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
unlimited number of Class A voting shares		
unlimited Class B non-voting shares		
unlimited Class C preference shares		
Issued and Outstanding Class A Common Shares, as at June 30, 2011, 2010 and 2009	**16,997,696**	**$ 1,480,189**

8. STOCK OPTIONS

The Company has a Stock Option Plan for the benefit of agents, directors, officers and employees. Options may be granted to purchase not more than 2,514,255 of the common shares of the Company at the discretion of the Board of Directors. The Plan permits options to be granted by the Directors of the Company for a term not exceeding five (5) years at a price not lower than the lower of market price less the TSX permitted discount, or minimum per share price specified by the TSX. Options are exercisable for Common shares and generally vest immediately or over a three year period on the basis of one third per year on each of the first three grant anniversary dates and are generally available for five years.

A summary of the Company's outstanding stock options as of June 30, 2011 and the changes during the year then ended is presented below:

	Number of Options	Weighted Average Exercise price
Outstanding at June 30, 2009	**425,800**	$ 0.10
Expired, unexercised during the year	**(75,000)**	$ 0.10
Outstanding at June 30, 2010	**350,800**	$ 0.10
Expired, unexercised during the year	**(350,800)**	$ 0.10
Outstanding and Exercisable at June 30, 2011	**-**	$ -

The outstanding options at June 30, 2010 expired on December 12, 2010.

8. STOCK OPTIONS (Cont'd)

Contributed Surplus

		Amount
Contributed surplus: Balance at June 30, 2009 and 2010	$	16,331
Expired Warrants		24,549
Balance at June 30, 2011	$	40,880

9. WARRANTS

A summary of the Company's outstanding warrants as of June 30, 2011 and the changes during the year then ended is presented below:

	Number of Warrants		Weighted Average Exercise price
Outstanding at June 30, 2009 and 2010	**2,213,680**	$	0.10
Expired, unexercised during the year	(**2,213,680)**	$	0.10
Outstand and Exercisable at June 30, 2011	**-**	$	-

The outstanding warrants at June 30, 2010 expired on December 12, 2010.

10. INCOME TAXES

A reconciliation of income taxes at the statutory rate of 29% with the reported taxes is as follows:

		2011		2010
Loss before income taxes	**$**	**(89,827)**	$	(285,048)
Statutory rate		**29.26%**		29.0%
Expected income tax recovery at the combined basic Federal and provincial tax rate	**$**	**(26,283)**	$	(82,664)
Effect on income taxes of:				
Non-deductible portion of capital loss		**-**		12,914
Change in rates		**7,692**		9,621
Change in valuation allowance		**18,591**		60,129
Income tax expense	**$**	**-**	$	-

11.FUTURE INCOME TAXES

The significant components of the Corporation's future income tax assets are as follows

		2011		2010
Non-capital loss carry forward	**$**	**125,390**	$	107,351
Share issuance costs		**8,442**		11,876
Excess of tax value of production costs over net book value		**244,851**		244,732
Investment		**15,000**		11,133
Net future tax asset		**393,683**		375,092
Less: Valuation allowance		**(393,683)**		(375,092)
Future income tax asset	**$**	**-**	$	-

Loss and Tax Credit Carryforwards

The Company has non-capital losses of $501,558 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2029	$ 220,356
2030	223,111
2031	58,091
	$ 501,558

Future tax benefits which may arise as a result of these capital and non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

12. CONTINGENCY

There is a possible claim against the company as at June 30, 2011 with regards to a contract signed over 10 years ago for the "Thirsty Traveller I" television series. The Company is examining alternatives for determining the validity of the claim and its ultimate disposition. The Company believes the claim is without merit and has quantified the maximum exposure at $60,000. No provision has been made in the financial statement, as the outcome is not determinable.

13. RELATED PARTY TRANSACTIONS

During the year, the Company paid a director and executive officer of the Company a total of $36,000 (2010 - $48,000) for services provided in managing the Company.

These transactions occurred in the normal course of operations and have been recorded at the exchange amount being the amount of consideration agreed by the parties.

14. FINANCIAL INSTRUMENTS

Fair Value

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

As at June 30, 2011, the carrying value of term deposit is considered to approximate fair value since it bears interest at current rates for similar types of borrowing arrangements or investments.

The fair value of investments has not been disclosed because of the unavailability of a quoted market price.

Credit Risk and Interest Rate Risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risk arising from its financial instruments.

Price Risk

All investments in securities present a risk of loss of capital. Management mitigates this risk through careful selection of securities within specified limits. The maximum risk for financial instruments owned by the Company is determined by the fair value thereof. As at June 30, 2011, the Company has invested in equity securities of private companies. Equities are susceptible to market price risk arising from uncertainties about future prices of those instruments.

14. FINANCIAL INSTRUMENTS (Cont'd)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 15 ("Capital Disclosures"). It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at June 30, 2011, the Company was holding cash and cash equivalents and term deposits of $75,836. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

Foreign Exchange

The Company is not exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. All of the Company's expenses are denominated in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

15. CAPITAL DISCLOSURES

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

In order to maintain 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. In the management of capital, the Company includes the components of shareholders' equity.

The Company prepares annual estimates of expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has sufficient capital to cover its administrative costs for the next year. The Company is not subject to any externally imposed capital requirements.

16. PENDING ACQUISITION

On January 20, 2011, the Company entered into an arm's length binding letter agreement as amended May 31, 2011 (the "Agreement") with Lakeside Minerals Corp. ("Lakeside" or "TargetCo."), a non-reporting issuer incorporated under the laws of the Province of Ontario on August 21, 2007, pursuant to which Grasslands will, subject to a number of conditions, acquire all of the issued and outstanding securities of Lakeside. The transaction will constitute a reverse take-over (the "RTO") of Grasslands under the policies of the TSX Venture Exchange (the "Exchange"). Foundation Opportunities Inc. ("FOI") is a controlling shareholder of Lakeside, and this Agreement shall supersede and terminate any prior agreements between Grasslands and Foundation Financial Holdings Corp. (the parent company of FOI) in respect of any potential reverse takeover transaction.

Pursuant to the Agreement, Grasslands has agreed to form a new corporation ("Newco") for the purpose of amalgamating with TargetCo. Newco will be wholly-owned subsidiary of Grasslands and will be created under the Business Corporations Act (Ontario). As a condition of the amalgamation, Grasslands will hold a meeting of the shareholders of Grasslands to approve the RTO pursuant to the rules and policies of the Exchange. The shareholders will also be asked to approve a consolidation (the "Share Consolidation") of the Class A voting shares of Grasslands on a five (5) old shares for one (1) new share basis (a "Consolidated Share"). If approved, the Share Consolidation shall become effective prior to completion of the RTO. At the meeting, Lakeside shall have the right to nominate up to seven (7) new directors for a board of directors of Grasslands comprised of seven (7) directors.

Upon the amalgamation of TargetCo. and Newco, holders of common shares in the capital of TargetCo. will be entitled to receive one (1) Consolidated Share for each TargetCo. Share. The foregoing Consolidated Shares will be issued at an ascribed price of $0.175 per Consolidated Share. Currently, TargetCo has 14,185,100 shares issued and outstanding as at the date hereof. TargetCo. has options on 9 properties in Quebec, Canada.

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