Grasslands Entertainment Inc.

Interim Consolidated Financial Statements

For the three month periods ended September 30, 2011 and 2010

Unaudited

(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying unaudited interim consolidated 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.

Toronto, Ontario
December 29, 2011

Grasslands Entertainment Inc.
Unaudited Interim Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

		Sept 30, 2011		June 30, 2011 (Note 16)		July 1, 2010 (Note 16)
Assets						
Current						
Cash and cash equivalents	**$**	**52,121**	$	75,836	$	157,819
Accounts receivable		**25,428**		23,458		19,617
Government assistance receivable (Note 5)		**21,592**		21,592		21,592
		99,141		120,886		199,028
Property and equipment (Note 6)		**1,045**		1,100		1,572
Investments (Note 7)		**30,001**		30,001		75,001
	$	**130,187**	$	151,987	$	275,601
Liabilities						
Current						
Accounts payable and accrued liabilities	**$**	**22,500**	$	29,223	$	63,010
Shareholders' Equity						
Share capital (Note 8)		**1,480,189**		1,480,189		1,480,189
Warrants (Note 10)		**-**		-		24,549
Contributed Surplus (Note 9)		**40,880**		40,880		16,331
Deficit		**(1,413,382)**		(1,398,305)		(1,308,478)
		107,687		122,764		212,591
	$	**130,187**	$	151,987	$	275,601

Nature of Operations (Note 1)
Basis of Presentation (Note 2)
Contingency (Note 11)
Related Party Transactions (Note 12)
Subsequent Event (Note 14)

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

Grasslands Entertainment Inc.

Unaudited Interim Consolidated Statement of Operations and Comprehensive Loss
For the three month periods ended September 30, 2011 and 2010
(Expressed in Canadian dollars)

	2011	2010 (Note 16)
Revenue		
Commercial production	**$ 9,825**	$ 7,256
Expenses		
Amortization of property and equipment	**55**	118
General and administrative	**24,847**	19,698
	24,902	19,816
Net loss and comprehensive loss for the period	**(15,077)**	(12,560)
Loss per share		
Basic and diluted	**$ (0.001)**	$ (0.001)
Weighted average number of common shares outstanding		
Basic and diluted	**16,997,696**	16,997,696

See accompanying notes

Grasslands Entertainment Inc.

Unaudited Interim Consolidated Statement of Changes in Equity
For the three month periods ended September 30, 2011 and 2010
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	**Total**
Balance at July1, 2010 (Note 15)	16,997,696	$1,480,189	$24,549	$16,331	$(1,308,478)	**$212,591**
Loss for the period	-	-	-	-	(12,560)	**(12,560)**
Balance at September 30, 2010 (Note 15)	16,997,696	1,480,189	24,549	16,331	(1,321,038)	**200,031**
Warrants expired/exercised			(24,549)	24,549		
Loss for the period	-	-	-	-	(77,267)	**(77,267)**
Balance at June 30, 2011 (Note 15)	16,997,696	1,480,189	-	40,880	(1,398,305)	**122,764**
Loss for the period	-	-	-	-	(15,077)	**(15,077)**
Balance at September 30, 2011	16,997,696	$1,480,189	$-	$40,880	$(1,413,382)	**$107,687**

Grasslands Entertainment Inc.
Interim Consolidated Statement of Cash Flows
For the three month periods ended September 30, 2011 and 2010
(Unaudited)

	2011	2010
Cash provided by (used in)		
Operations		
Net loss	**$ (15,077)**	$ (12,560)
Items not affecting cash		
Amortization of property and equipment	**55**	118
	(15,022)	(12,442)
Net changes in non-cash working capital		
Accounts receivable	**(1,970)**	3,243
Accounts payable and accrued liabilities	**(6,723)**	(9,010)
Net change in cash	**(23,715)**	(18,209)
Cash and cash equivalents, beginning of period	**75,836**	157,819
Cash and cash equivalents, end of period	**$ 52,121**	$ 139,610

Supplemental Disclosure		
Cash paid for interest	**$ 81**	$ 52

Cash and cash equivalents consist of:		
Cash on hand, net of outstanding cheques	**$ 21,283**	$ 57,547
Term deposits - GIC	**30,838**	82,063
	$ 52,121	$ 139,610

See accompanying notes

1. NATURE OF OPERATIONS

Grasslands Entertainment Inc. (the "Company" or "Grasslands") is a public company listed on the TSX Venture Exchange ("TSX-V"). 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. 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.

The address of the Company's registered head office is 201, 619-11th Ave SE, Calgary, Alberta T2G 0T8.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These interim consolidated financial statements are the Company's first unaudited interim consolidated financial statements that have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and International Financial Reporting Standards 1 ("IFRS 1"), First-time adoption of International Financial Reporting Standards ('IFRS"), as issued by the International Accounting Standards Board ("IASB") are effective or available for early adoption on January 1, 2011. Any subsequent changes to IFRS that are given in the annual consolidated financial statements for the year ended June 30, 2012 could result in restatement if these interim financial statements, including the transition adjustments recognized on change over to IFRS. Previously, the Company prepared its annual consolidated and interim consolidated financial statements in accordance with Generally Accepted Accounting Principles ("GAAP'). These interim consolidated financial statements do not include all of the information required for the full annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended June 30, 2011.

The Company has adopted IFRS on July 1, 2011 with a transition date of July 1, 2010. Under IFRS 1, IFRS standards are applied retrospectively at the transition date subject to certain exceptions and exemptions. The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements.

The Company's Board of Directors approved these interim consolidated financial statements for issue on December 29, 2011.

2. BASIS OF PRESENTATION (Cont'd)

(b) Basis of Measurement

The interim consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities that are recognized at fair value through the consolidated statement of comprehensive income.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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, deferred 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. Deferred 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. Deferred 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

Stock-based compensation 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise share options and warrants issued by the Company.

Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") 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.

Financial Instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Available for sale (“AFS”)

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss;
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

For all financial assets objective evidence of impairment could include: (Cont'd)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not be recognized.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 statements of financial position, have been prioritized into three levels as per the fair value hierarchy. 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.

September 30, 2011	**Level One**	**Level Two**	**Level Three**
Cash and cash equivalents	$ 52,121	$ -	$ -

June 30, 2010	Level One	Level Two	Level Three
Cash and cash equivalents	$ 75,836	$ -	$ -

July 1, 2010	Level One	Level Two	Level Three
Cash and cash equivalents	$ 157,819	$ -	$ -

4. RECENT ACCOUNTING PRONOUNCEMENT

Future IFRS changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

(i) 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, 2013. The IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(ii) 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 Financial Statements* and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iii) 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*, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) 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. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 *Fair Value Measurement* was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB's Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

4. RECENT ACCOUNTING PRONOUNCEMENT (Cont'd)

Future IFRS changes (Cont'd)

(vi) IAS 1 *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

5. 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".

Federal tax credit outstanding, July 1, 2010, June 30, 2011, and September 30, 2011	**$ 21,592**

6. PROPERTY AND EQUIPMENT

September 30, 2011	**Cost**	**Accumulated Amortization**	**Net**
Office equipment	**$ 23,126**	**$ 22,081**	**$ 1,045**

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

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

7. INVESTMENTS

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 Caldera units were impaired and were written down to $30,000. This was based on the debt for share settlements that Caldera was completing 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 was impaired and was written down to $1. During that reporting period, $11,737 of interest income earned from this investment and $2,813 of 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.

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

8. SHARE CAPITAL

	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 July 1, 2010, June 30, 2011 September 30, 2011	**16,997,696**	**$ 1,480,189**

9. 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-V permitted discount, or minimum per share price specified by the TSX-V. 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 and the changes during the year then ended is presented below:

	Number of Options		Weighted Average Exercise price
Outstanding at July 1, 2010	**350,800**	$	0.10
Expired, unexercised during the year	**(350,800)**	$	0.10
Outstanding and Exercisable at June 30, 2011 and September 30, 2011	**-**	$	-

The outstanding options at July 1, 2010 expired on December 12, 2010.

Contributed Surplus

		Amount
Balance at July 1, 2010	$	16,331
Expired Warrants Unexercised		24,549
Balance at June 30, 2011 and September 30, 2011	$	40,880

10. WARRANTS

A summary of the Company's outstanding warrants and the changes during the year then ended is presented below:

	Number of Warrants		Weighted Average Exercise price
Outstanding at July 1, 2010	**2,213,680**	$	0.10
Expired, unexercised during the year	(2,213,680)	$	0.10
Outstanding and Exercisable at June 30, 2011 and September 30, 2011	**-**	$	-

11. CONTINGENCY

There is a possible claim against the Company as at September 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.

12. RELATED PARTY TRANSACTIONS

During the period, the Company paid a director and executive officer of the Company a total of $9,000 (2010 - $9,000) for services provided in managing the Company.

13. 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 September 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 September 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.

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 14 ("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 September 30, 2011, the Company was holding cash and cash equivalents and term deposits of $52,121. 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.

14. 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.

15. SUBSEQUENT EVENT

On December 20, 2011 the Company completed the reverse take-over with Lakeside Minerals Corp. This culminates the transaction the Company entered into on January 20, 2011 in an arm's length binding letter agreement that was 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 acquired all of the issued and outstanding securities of Lakeside. The transaction constituted 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 the Agreement superseded and terminated 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 agreed to form a new corporation ("Newco") for the purpose of amalgamating with TargetCo. Newco is now a wholly-owned subsidiary of Grasslands and was created under the Business Corporations Act (Ontario). As a condition of the amalgamation, Grasslands held a meeting of the shareholders of Grasslands to approve the RTO pursuant to the rules and policies of the Exchange. The shareholders were 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"). The Share Consolidation became effective prior to completion of the RTO. At the meeting, Lakeside also elected seven (7) new directors for the board of directors of Grasslands.

Upon the amalgamation of TargetCo. and Newco, holders of common shares in the capital of TargetCo. received one (1) Consolidated Share for each TargetCo. Share. The foregoing Consolidated Shares were issued at an ascribed price of $0.175 per Consolidated Share. As part of the RTO the Company has changed its name to Lakeside Minerals Inc. and will be continued under the *Business Corporations Act* (Ontario). Prior to the RTO, TargetCo had 14,185,100 shares issued and outstanding. TargetCo. has options on 9 properties located in Quebec, Canada.

16. RECONCILIATION FROM CANADIAN GAAP TO IFRS

The Company has changed certain accounting policies to be consistent with IFRS, as is expected to be effective or available for early adoption on June 30, 2012, the Company's first annual IFRS reporting date. The new IFRS policies have been described in the Basis of Presentation (see Note 3), and they have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses with the Company's unaudited interim consolidated financial statements.

As a result of adoption of IFRS, there are no material reconciling items on the Company's unaudited interim consolidated statements of financial position at July 1, 2010, June 30, 2011 and September 30, 2011, and to the Company's statements of operations and comprehensive loss for the period ended September 30, 2010 and for the year ended June 30, 2011 and to the Company's statement of changes in equity for July 1, 2010, for the period ended September 30, 2010 and the year ended June 30, 2011. There are also no material differences between the cash flow statement presented under Canadian GAAP and that presented under IFRS for the period ended September 30, 2010 and for the year ended June 30, 2011.

IFRS 1 First-time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated July 1, 2010:

(a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has not applied IFRS 3 to business combinations that occurred on or after July 1, 2010.

(b) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company did not need to apply IFRS 2 to equity instruments that vested prior to July 1, 2010 as all awards were fully vested as at this date.

(c) Property and equipment

IFRS 1 permits first-time preparers to measure selected property and equipment at fair value and use that fair value as deemed cost of those assets in the transition date. Grasslands has chosen not to utilize this optional exemption and continue to use the cost model for its property and equipment and intangibles as of the date of transitions to IFRS.

16. RECONCILIATION FROM CANADIAN GAAP TO IFRS (Cont'd)

Additionally, the Company has applied the following mandatory exception as at the transition date.

Estimates

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

The adoption of IFRS did not significantly affect our cash flows and as such, no reconciliation of prior period cash flow statements has been presented.