

Synergy Acquisition Corp.
First Quarter Interim Report
March 31, 2012 (unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Synergy Acquisition Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Synergy Acquisition Corp.
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First Quarter Ended March 31, 2012

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Synergy Acquisition Corp.
Interim Statement of Loss
Comprehensive Loss and Deficit
(Unaudited – expressed in Canadian dollars)
Three Month Period Ended March 31

| | 2012 | 2011 |
|---|-----------------------|-----------------------|
| Expenses | | |
| Corporate administration | \$ 9,381 | \$ 11,155 |
| Net loss and comprehensive loss | \$ (9,381) | \$ (11,155) |
| Deficit, beginning of period | | |
| | \$ (5,457,000) | \$ (5,411,065) |
| Net loss | (9,381) | (11,155) |
| Deficit, end of period | \$ (5,466,381) | \$ (5,422,220) |
| Basic and diluted weighted average number of common shares outstanding | | |
| | 2,683,940 | 15,541,000 |
| Basic & diluted loss per share | \$(0.00) | \$(0.00) |

See accompanying notes to the financial statements.

Synergy Acquisition Corp.

Interim Balance Sheets

(Unaudited - expressed in Canadian dollars)

March 31,
2012

December 31,
2011

Assets

Current

| | | |
|----------------|------------------|-----------------|
| Cash | \$ 69,842 | \$ 5,864 |
| GST receivable | <u>3,578</u> | <u>2,189</u> |
| | <u>\$ 73,420</u> | <u>\$ 8,053</u> |

Liabilities

Current

| | | |
|--|---------------|---------------|
| Accounts payable and accrued liabilities | \$ 25,532 | \$ 28,508 |
| Due to related party (Note 5) | <u>40,500</u> | <u>40,500</u> |
| | <u>66,032</u> | <u>69,008</u> |

Shareholders' Equity

| | | |
|------------------------|--------------------|--------------------|
| Capital stock (Note 6) | 1,980,444 | 1,902,720 |
| Contributed surplus | 3,493,325 | 3,493,325 |
| Deficit | <u>(5,466,381)</u> | <u>(5,457,000)</u> |
| | <u>7,388</u> | <u>(60,955)</u> |
| | <u>\$ 73,420</u> | <u>\$ 8,053</u> |

Going Concern (Note 2)

Related Party Transactions (Note 5)

See accompanying notes to the financial statements.

Synergy Acquisition Corp.
Interim Statement of Changes in Equity
(Unaudited - expressed in Canadian dollars)

| | Common Shares | | Contributed Surplus | Accumulated Deficit | Total Shareholders' Equity (Deficiency) |
|--|----------------------|--------------------|----------------------------|----------------------------|--|
| | Number | Amount | | | |
| Balance at January 1, 2012 | 2,590,167 | \$1,902,720 | \$3,493,325 | (\$5,457,000) | (\$60,955) |
| Issuance of shares under financing, net of issuance costs (Note 6) | 533,333 | 77,724 | | | 77,724 |
| Net loss and comprehensive loss for the quarter | | | - | (9,381) | (9,381) |
| Balance at March 31, 2012 | 3,123,500 | \$1,980,444 | \$3,493,325 | (\$5,466,381) | \$7,388 |

| | Common Shares | | Contributed Surplus | Accumulated Deficit | Total Shareholders' Equity (Deficiency) |
|---|----------------------|--------------------|----------------------------|----------------------------|--|
| | Number | Amount | | | |
| Balance at January 1, 2011 | 15,541,000 | \$1,902,720 | \$3,493,325 | (\$5,411,065) | (\$15,020) |
| Net loss and comprehensive loss for the quarter | | | - | (11,155) | (11,155) |
| Balance at March 31, 2011 | 15,541,000 | \$1,902,720 | \$3,493,325 | (\$5,422,220) | (\$26,175) |

See accompanying notes to the financial statements.

Synergy Acquisition Corp.
Interim Statements of Cash Flow

(Unaudited – expressed in Canadian dollars)

Three month period ended March 31

2012

2011

Cash provided by (used in)

Operating

| | | |
|----------|-------------------|--------------------|
| Net loss | \$ (9,381) | \$ (11,155) |
| | (9,381) | (11,155) |

Change in non-cash operating working capital:

| | | |
|--|-----------------|-----------------|
| GST receivable | (1,389) | (713) |
| Accounts payable and accrued liabilities | (2,976) | (3,897) |
| | (13,746) | (15,765) |

Financing

| | | |
|---|---------------|---------------|
| Proceeds on issuance of shares (Note 6) | 77,724 | - |
| Advances from a related party (Note 5) | - | 10,000 |
| | 77,724 | 10,000 |

| | | |
|-----------------------------|---------------|----------------|
| Increase (decrease) in cash | 63,978 | (5,765) |
|-----------------------------|---------------|----------------|

Cash

| | | |
|---------------------|--------------|--------------|
| Beginning of period | 5,864 | 7,589 |
|---------------------|--------------|--------------|

| | | |
|---------------|------------------|-----------------|
| End of period | \$ 69,842 | \$ 1,824 |
|---------------|------------------|-----------------|

Supplementary cash flow information:

| | | |
|------------------------|------------|------------|
| Non-cash transactions: | nil | nil |
|------------------------|------------|------------|

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)

Three Months Ended March 31, 2012 and 2011

1. Nature of operations

Synergy Acquisition Corp. (the "Company" or "Corporation") was incorporated under the Business Corporations Act (Alberta) on June 24, 2003. It is a public company listed on the NEX board of the TSX Venture Exchange Inc., trading under the symbol SAQ.H. Although it does not currently have an ongoing business, it is actively seeking acquisition opportunities.

2. Going concern

As at March 31, 2012 the Corporation has positive working capital of \$7,388 and an accumulated deficit of \$5,466,381. The Corporation's ability to continue as a going concern is dependent on the ability of the Corporation to raise additional funds and or acquire profitable business operations. The Corporation can offer no assurance that a financing or an acquisition of profitable business operations will be completed in the near future. Accordingly, these financial statements have been prepared on a "going concern" basis, which assumes the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

3. Basis of presentation

The unaudited interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". They do not contain all necessary annual disclosures in accordance with IFRS.

These unaudited interim financial statements, in all material respects, follow the same accounting policies and method of application as the annual audited consolidated financial statements of the preceding fiscal year, except as outlined in Note 4.

4. New accounting policies

These interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's financial statements for the year ended December 31, 2011.

5. Due to related party and related party transactions

| | March 31, <u>2011</u> | December 31, <u>2011</u> |
|-----------------|----------------------------------|-----------------------------|
| Opening Balance | \$ 40,500 | \$ 10,000 |
| Advance (a) | <u>-</u> | <u>30,500</u> |
| Closing Balance | <u>\$ 40,500</u> | <u>\$ 40,500</u> |

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)

Three Months Ended March 31, 2012 and 2011

5. Due to related party and related party transactions (cont'd)

- (a) The March 31, 2012 and December 31, 2011 balances are due to a company over which a director has significant influence.

6. Capital stock

a) Share Capital

Authorized:

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series

| Issued and outstanding common shares: | <u>Number</u> | <u>Amount</u> |
|---------------------------------------|------------------|---------------------|
| Opening balance, January 1, 2012 | 2,590,167 | \$ 1,902,720 |
| Private placement (a) | <u>533,333</u> | <u>77,724</u> |
| Closing balance, March 31, 2012 | <u>3,123,500</u> | <u>\$ 1,980,444</u> |

- (a) On March 15, 2012, the Corporation closed a non-brokered private placement of 533,333 common shares of the Corporation at the price of \$0.15 per common share to Don Caron, the Chairman and a director of the Corporation, and Eric Sauze, Chief Financial Officer of the Corporation. Gross proceeds were \$80,000 less issuance costs of \$2,276. The shares are subject to a TSX Venture Exchange hold period expiring on July 6, 2012.

See Note 10 for additional proceeds received subsequent to the March 31, 2012 interim period.

b) Share purchase warrants

As at March 31, 2012 there were Nil (March 31, 2011 – Nil) warrants outstanding.

c) Stock options

The Corporation does not have any stock options outstanding under its stock option plan.

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)

Three Months Ended March 31, 2012 and 2011

7. Income taxes

Allowable losses

The Corporation has unused non-capital income tax losses available for carry forward in Canada of \$1,722,646 (2011 - \$1,676,712). The benefit of these losses has not been recognized in these financial statements. These losses are available to reduce taxable income in Canada in future periods and may be carried forward for 20 years for non-capital losses and indefinitely for capital losses. These losses expire as follows:

| Year of loss | As at | | Expiry |
|--------------|------------------|---|--------|
| | Dec 31, 2011 | | |
| 2005 | 91,346 | - | 2025 |
| 2006 | 919,509 | - | 2026 |
| 2007 | 567,970 | - | 2027 |
| 2008 | 32,972 | - | 2028 |
| 2009 | 24,984 | - | 2029 |
| 2010 | 39,931 | - | 2030 |
| 2011 | 45,934 | - | 2031 |
| | <u>1,722,646</u> | | |

8. Financial instruments

a) Fair values

The Corporation's financial instruments consist of cash, accounts payable, accrued liabilities and due to related party.. The fair values of these financial instruments approximate their carrying values due to their short-term maturity.

b) Liquidity Risk

The Corporation's exposure to liquidity risk is dependent on the ability to raise funds to meet purchase commitments and to sustain operations. The Corporation controls its liquidity risk by managing working capital and cash flows.

9. Capital Management

The Corporation manages its capital to safeguard the Corporation's ability to continue as a going concern, and to preserve financial flexibility in order to fund growth and expansionary opportunities that may arise. The Corporation's capital is currently its cash balances. As at March 31, 2012, cash balances were \$68,842 (December 31, 2011 - \$5,864). The Corporation is not subjected to capital requirements imposed by a regulator. Other than the related party advance, the Corporation does not have debt and is not subject to any debt covenant provisions. Prudent cash management is augmented by ongoing analysis conducted by the Management.

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)

Three Months Ended March 31, 2012 and 2011

10. Events after the reporting period

As mentioned in Note 6, the Corporation undertook a private placement which closed on March 15, 2012. An additional 133,333 shares were issued to David Tam, a director of the Corporation, from this private placement, for gross proceeds of \$20,000. Mr. Tam's subscription funds were received April 12, 2012, therefore the shares were only issued at that time. The shares are subject to a TSX Venture Exchange hold period expiring on July 6, 2012.

The Corporation intends to use the proceeds from the sale of the common shares for general working capital.

11. Authorization of financial statements

The financial statements for the interim period ended March 31, 2012 (including comparatives) were approved by the board of directors on May 29, 2012.

"Don Caron"

Don Caron, Director

"Jason Theiss"

Jason Theiss, Director