

Synergy Acquisition Corp.
Third Quarter Interim Report
September 30, 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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Third Quarter Ended September 30, 2012

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Synergy Acquisition Corp.
Interim Statement of Loss
Comprehensive Loss and Deficit
(Unaudited – expressed in Canadian dollars)
Nine Month Period Ended September 30

	2012 (3 months)	2011 (3 months)	2012 (9 months)	2011 (9 months)
Expenses				
Corporate administration	\$ 8,946	\$ 5,680	\$ 32,682	\$ 25,354
	<u>8,946</u>	<u>5,680</u>	<u>32,682</u>	<u>25,354</u>
Net loss	\$ (8,946)	\$ (5,680)	\$ (32,682)	\$ (25,354)
<hr/>				
Deficit, beginning of period	\$ (5,480,736)	\$ (5,430,738)	\$ (5,457,000)	\$ (5,411,064)
Net loss	<u>(8,946)</u>	<u>(5,680)</u>	<u>(32,682)</u>	<u>(25,354)</u>
Deficit, end of period	\$ (5,489,682)	\$ (5,436,418)	\$ (5,489,682)	\$ (5,436,418)
<hr/>				
Weighted average number of common shares outstanding	<u>3,256,834</u>	<u>2,590,167</u>	<u>3,074,352</u>	<u>8,852,108</u>
Basic and diluted loss per share	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
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See accompanying notes to the financial statements.

Synergy Acquisition Corp.

Interim Balance Sheets

(Unaudited - expressed in Canadian dollars)

September 30,
2012

December 31,
2011

Assets

Current

Cash	\$ 29,454	\$ 5,864
GST receivable	<u>1,945</u>	<u>2,189</u>
	<u>\$ 31,399</u>	<u>\$ 8,053</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 27,312	\$ 28,508
Due to related party (Note 5)	<u>-</u>	<u>40,500</u>
	<u>27,312</u>	<u>69,008</u>

Shareholders' Equity (Deficiency)

Capital stock (Note 6)	2,000,444	1,902,720
Contributed surplus	3,493,325	3,493,325
Deficit	<u>(5,489,682)</u>	<u>(5,457,000)</u>
	<u>4,087</u>	<u>(60,955)</u>
	<u>\$ 31,399</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)	666,667	97,724			97,724
Net loss and comprehensive loss for the interim period			-	(32,682)	(32,682)
Balance at September 30, 2012	3,256,834	\$2,000,444	\$3,493,325	(\$5,489,682)	\$4,087

	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	(\$5,411,064)	(\$15,020)
Share consolidation (Note 6)	(12,950,833)				
Net loss and comprehensive loss for the interim period			-	(25,354)	(25,354)
Balance at September 30, 2011	2,590,167	\$1,902,720	\$3,493,325	(\$5,436,418)	(\$40,374)

See accompanying notes to the financial statements.

Synergy Acquisition Corp.
Interim Statements of Cash Flow
(Unaudited – expressed in Canadian dollars)
Nine Month Period Ended September

	2012 (3 months)	2011 <u>(3 months)</u>	2012 (9 months)	2011 <u>(9 months)</u>
Increase (decrease) in cash and cash equivalents				
Operating				
Net loss	\$ (8,946)	\$ (5,680)	\$ (32,682)	\$ (25,354)
	(8,946)	(5,680)	(32,682)	(25,354)
Change in non-cash operating working capital:				
GST receivable	(262)	(215)	243	288
Accounts payable & accrued liabilities	(593)	1,674	(1,196)	(2,223)
	(9,801)	(4,221)	(33,635)	(27,289)
Financing				
Proceeds on issuance of shares (Note 6)	-	-	97,724	-
Advances (repayments) from/to a related party	-	-	(40,500)	20,000
	-	-	57,224	20,000
Increase (decrease) in cash	(9,801)	(4,221)	23,589	(7,289)
Cash				
Beginning of period	39,255	4,521	5,865	7,589
End of period	\$ 29,454	\$ 300	\$ 29,454	\$ 300

Supplementary Cash flow information:

Taxes Paid	-	-	-	-
Interest paid	-	-	-	-

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Nine Months Ended September, 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 September 30, 2012 the Corporation has positive working capital of \$4,089 and an accumulated deficit of \$5,489,682. 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

	September 30, <u>2012</u>	December 31, <u>2011</u>
Opening Balance	\$ 40,500	\$ 10,000
Advance	-	30,500
Repayment	<u>(40,500)</u>	<u>-</u>
Closing Balance	<u>\$ -</u>	<u>\$ 40,500</u>

These related party transactions and balances are with a company over which a director has significant influence.

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Nine Months Ended September, 2012 and 2011

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, 2011	15,541,000	\$ 1,902,720
Share consolidation (i)	<u>(12,950,833)</u>	<u>-</u>
Closing balance, December 31, 2011	2,590,167	\$ 1,902,720
Private placement (ii)	<u>666,667</u>	<u>97,724</u>
Closing balance, September 30, 2012	<u>3,256,834</u>	<u>\$ 2,000,444</u>

- (i) On May 12, 2011, the Corporation received approval from the TSX Venture Exchange to complete a consolidation of its outstanding shares on the basis of one post-consolidation common share for every six pre-consolidation shares held ("Consolidation") in accordance with the approvals received from its shareholders at the annual and special meeting of shareholders held February 8, 2011. The 15,541,000 pre-consolidation common shares of the Corporation outstanding immediately prior to the Consolidation were reduced to 2,590,167 post consolidation common shares of the Corporation.
- (ii) On March 15, 2012, the Corporation closed a non-brokered private placement of 666,667 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, David Tam, a director of the Corporation and Eric Sauze, Chief Financial Officer and Secretary of the Corporation. Gross proceeds were \$100,000 less issuance costs of \$2,276. The shares are subject to a TSX Venture Exchange hold period expiring on July 6, 2012.

b) Share purchase warrants

As at September 30, 2012 there were Nil (September 30, 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)
Nine Months Ended September, 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 Dec 31, 2011		Expiry
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 September 30, 2012, cash balances were \$29,454 (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)

Nine Months Ended September, 2012 and 2011

10. Authorization of financial statements

The financial statements for the interim period ended September 30, 2012 (including comparatives) were approved by the board of directors on November 22, 2012.

“Don Caron”

Don Caron, Director

“Jason Theiss”

Jason Theiss, Director