

Synergy Acquisition Corp.
First Quarter Interim Report
March 31, 2011 (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, 2011

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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

	2011	2010
Expenses		
Corporate administration	\$ 11,155	\$ 8,375
Professional fees	-	225
Net loss and comprehensive loss	\$ (11,155)	\$ (8,600)
Deficit, beginning of period	\$ (5,411,065)	\$ (5,371,134)
Net loss	(11,155)	(8,600)
Deficit, end of period	\$ (5,422,220)	\$ (5,379,734)
Basic and diluted weighted average number of common shares outstanding	15,541,000	33,691,000
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,
2011

December 31,
2010

Assets

Current

Cash	\$ 1,824	\$ 7,589
GST receivable	<u>2,438</u>	<u>1,725</u>
	<u>\$ 4,262</u>	<u>\$ 9,314</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 10,437	\$ 14,334
Due to related party (Note 6)	<u>20,000</u>	<u>10,000</u>
	30,437	24,334

Shareholders' Deficiency

Capital stock (Note 7)	1,902,719	1,902,719
Contributed surplus (Note 8)	3,493,325	3,493,325
Deficit	<u>(5,422,220)</u>	<u>(5,411,064)</u>
	<u>(26,175)</u>	<u>(15,020)</u>
	<u>\$ 4,262</u>	<u>\$ 9,314</u>

Going Concern (Note 2)

Related Party Transactions (Note 6)

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, 2010	33,691,000	\$4,126,094	\$1,269,951	(\$5,371,134)	\$24,911
Cancellation of common shares (Notes 5, 7 & 8)	(18,150,000)	(2,223,374)	2,223,374		-
Net loss and comprehensive loss for the year			-	(39,930)	(39,930)
Balance at December 31, 2010	15,541,000	\$1,902,720	\$3,493,325	(\$5,411,065)	(\$15,020)

	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)

	Common Shares		Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
	Number	Amount			
Balance at January 1, 2010	33,691,000	\$4,126,094	\$1,269,951	(\$5,371,134)	\$24,911
Net loss and comprehensive loss for the quarter			-	(8,600)	(8,600)
Balance at March 31, 2010	33,691,000	\$4,126,094	\$1,269,951	(\$5,379,734)	\$16,311

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

2011

2010

Cash provided by (used in)

Operating

Net loss	\$ (11,155)	\$ (8,600)
	<u>(11,155)</u>	<u>(8,600)</u>

Change in non-cash operating working capital:

GST receivable	(713)	30,821
Accounts payable and accrued liabilities	(3,897)	(9,889)
	<u>(15,765)</u>	<u>12,332</u>

Financing

Advances from a related party (Note 6)	10,000	-
	<u>10,000</u>	<u>-</u>

Decrease in cash	(5,765)	12,332
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Cash

Beginning of period	7,589	13,821
	<u>7,589</u>	<u>13,821</u>

End of period	<u>\$ 1,824</u>	<u>\$ 26,153</u>
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Supplementary Cash flow information:

Taxes Paid	-	-
Interest paid	-	-

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Three Months Ended March 31, 2011 and 2010

1. Nature of operations

Synergy Acquisition Corp. (the "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, 2011 the Corporation has negative working capital of \$26,175 and an accumulated deficit of \$5,422,220. 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 Corporation is required to present the annual audited financial statements for the year ended December 31, 2011 under International Financial Reporting Standards ("IFRS"). In conjunction with this, these interim financial statements present the Corporation's initial financial results of operations and financial position under IFRS as at and for the three months ended March 31, 2011, including 2010 comparative periods. They have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These interim financial statements do not include all the necessary annual disclosures in accordance with IFRS.

The financial statements are presented in accordance with IAS 1 - Presentation of Financial Statements.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 4 below. These accounting policies have been used throughout all periods presented in these financial statements except where the Corporation has applied certain accounting policies and exemptions upon transition to IFRS.

4. Summary of significant accounting policies

First time adoption of IFRS

The Corporation has adopted IFRS on January 1, 2011 with a transition date of January 1, 2011. Under IFRS 1 "First Time Adoption of International Financial Reporting Standards", the IFRS

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Three Months Ended March 31, 2011 and 2010

4. Summary of significant accounting policies (cont'd)

are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemption are applied. The Corporation is not applying any exemptions on first-time adoption of IFRS.

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption of IFRS has not changed the Statement of Financial Position, Statement of Comprehensive Loss, Statement of Changes in Equity and Statement of Cash Flows as previously reported under GAAP. No transitional adjustments were made when converting from GAAP to IFRS.

Use of estimates

In preparing financial statements to conform with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the

disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Corporation uses the tax liability method for determining income taxes. Under this method, future tax assets and liabilities are determined based on differences between their respective carrying amounts and tax basis. Future tax assets and liabilities are measured based on enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which these temporary differences are expected to reverse.

In assessing whether the future income tax assets are realizable, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax losses are utilized.

Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the reporting period. Diluted loss per share are computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed conversion of preferred shares and exercise of outstanding warrants and stock options, if dilutive. Basic and diluted loss per share is the same as the corporation has no options or preferred shares issued.

Financial Instruments

The Corporation classifies all financial assets as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities as held-for-trading and other. Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in net income. Financial assets classified as held-to-maturity or as loans and receivables and financial liabilities not classified as held-for-trading are measured at amortized cost. Available-for-sale financial assets are measured at fair value with changes in fair value

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Three Months Ended March 31, 2011 and 2010

4. Summary of significant accounting policies (cont'd)

recognized in other comprehensive income ("OCI"). All derivative financial instruments are reported on the balance sheet at fair value with changes in fair value recognized in net income unless the derivative is part of a hedging relationship that qualifies as a fair value hedge, cash flow hedge or hedge of a net investment in a self-sustaining foreign operation.

Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, part of hedging relationship or not, are measured at fair value. Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

The Corporation has made the following classifications:

Accounts payable and other liabilities are classified as other financial liabilities.

Cash is classified as held-for-trading.

5. Reorganization

Effective December 29, 2008, the shareholders of the Corporation approved a reorganization agreement (the "Transaction") with a related party, providing for the sale by the Corporation of its subsidiaries. The sale was satisfied by the cancellation of 18,150,000 common shares of the Corporation owned by the related party along with all current and future obligations, including property and other obligations and any liabilities of whatsoever type.

On July 23, 2009, the Corporation received conditional approval for the Transaction from the TSX Venture Exchange pending a full or partial revocation of the cease trade order from certain Canadian securities commissions. The full revocation order was received on December 1, 2010 and the Transaction was thus completed.

As mentioned, the Transaction had the Corporation acquire and cancel 18,150,000 common shares of the Corporation. As the cost to acquire such shares was below their average cost, the cost was allocated to share capital (Note 7) in an amount equal to the average cost of the shares and the remainder to contributed surplus (Note 8). The amount allocated to the share capital account was based on the historical average cost per share of \$0.12 as at December 1, 2010, the date the revocation order was received. The cost to acquire the shares was \$1, the value of the subsidiaries sold.

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Three Months Ended March 31, 2011 and 2010

6. Due to related party and related party transactions

	March 31, 2011	December 31, 2010
Opening Balance	\$ 10,000	\$ -
Advance	<u>10,000</u>	<u>10,000</u>
Closing Balance	<u>\$ 20,000</u>	<u>\$ 10,000</u>

The balances above are due to a company over which a director has significant influence.

7. 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, 2010	33,691,000	\$ 4,126,094
Cancelled common shares, in accordance with the Transaction (Note 5)	<u>(18,150,000)</u>	<u>(2,223,375)</u>
Closing balance, December 31, 2010	<u>15,541,000</u>	<u>\$ 1,902,719</u>
Closing balance, March 31, 2011	<u>15,541,000</u>	<u>\$ 1,902,719</u>

b) Share purchase warrants

As at March 31, 2011 there were Nil (March 31, 2010 – 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, 2011 and 2010

8. Contributed surplus

	March 31, <u>2011</u>	December 31, <u>2010</u>
Balance, beginning of year	\$ 3,493,325	\$ 1,269,951
Cancelled common shares in accordance with the Transaction (Note 5)	<u>-</u>	<u>2,223,374</u>
Balance, end of year	<u>\$ 3,493,325</u>	<u>\$ 3,493,325</u>

9. Income taxes

Allowable losses

The Corporation has unused non-capital income tax losses available for carry forward in Canada of \$1,676,712 (2009 - \$1,636,781). 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, 2010		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
	<u>1,676,712</u>		

10. Financial instruments

a) Fair values

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. 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.

Synergy Acquisition Corp.

Notes to Financial Statements

(Unaudited - Expressed in Canadian dollars)
Three Months Ended March 31, 2011 and 2010

11. 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, 2011, cash balances were \$1,824 (December 31, 2010 - \$7,589). 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.

12. Subsequent Events

On May 13, 2011, the Corporation completed 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 approximately 2,590,167 post-consolidation common shares of the Corporation.

13. Authorization of financial statements

The financial statements for the interim period ended March 31, 2011 (including comparatives) were approved by the board of directors on May 25, 2011.

"Don Caron"

Don Caron, Director

"Jason Theiss"

Jason Theiss, Director