MAPLE LEAF GREEN WORLD INC.

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

(Expressed in Canadian dollars, unless otherwise stated)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAPLE LEAF GREEN WORLD INC.

We have audited the accompanying consolidated financial statements of Maple Leaf Green World Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits 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 Maple Leaf Green World Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 24, 2014

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MAPLE LEAF GREEN WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss

[Expressed in Canadian dollars]

	Note		Year ended December 31, 2013		2012
Revenue		$	**40,570**	$	365,643
Cost of sales			**(41,187)**		(323,026)
			(617)		42,617
Operating expenses					
Consulting fees			**1,778**		32,524
Depreciation and amortization			**87,538**		90,661
Filing and transfer agent			**8,711**		11,510
Foreign exchange gain			**(27,035)**		(226)
Interest and bank charges	11, 12		**54,301**		37,420
Interest and other income			**(26,800)**		(21,144)
Management salaries	14		**90,000**		90,062
Meals and entertainment			**7,029**		12,098
Office			**25,724**		44,076
Professional fees			**53,379**		96,243
Rent			**62,683**		71,855
Salaries and wages	14		**107,488**		96,590
Shareholder information and promotion			**5,436**		14,141
Share-based payment			**-**		9,854
Telephone			**6,127**		5,655
Travel and promotion			**7,902**		14,871
Change in biological assets	8		**32,959**		285,838
Write-down of assets	8, 9		**-**		562,150
Loss on disposal of subsidiary	6		**84,657**		-
			581,877		1,454,178
Loss for the year		**$**	**(582,494)**	$	(1,411,561)
Comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Unrealized exchange differences on translation of foreign operations			**-**		152,735
Transfer of exchange differences on disposal of subsidiary			**(51,733)**		-
Comprehensive loss for the year		**$**	**(634,227)**	$	(1,258,826)
Loss per share					
Basic and diluted		**$**	**(0.01)**	$	(0.02)
Weighted average number of shares outstanding - basic and diluted			**85,818,482**		83,712,652

The accompanying notes are an integral part of these consolidated financial statements.

MAPLE LEAF GREEN WORLD INC.

Consolidated Statements of Financial Position

[Expressed in Canadian dollars]

	Note		**December 31, 2013**		December 31, 2012
ASSETS					
Current assets					
Cash		**$**	**363,618**	$	12,226
Receivables and deposits	7		**3,027**		15,490
Inventories	8		**-**		12,660
Biological assets	8		**-**		360,144
			366,645		400,520
Non-current assets					
Property, plant and equipment	9		**3,000**		488,297
Prepaid lease payment	10		**-**		101,729
			3,000		590,026
Total assets		**$**	**369,645**	$	990,546
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	**$**	**411,761**	$	419,982
Short-term loans	11		**965**		104,339
Convertible debentures	12		**210,712**		141,366
Deposits			**11,146**		11,146
Total liabilities			**634,584**		676,833
Equity					
Issued capital			**8,570,889**		8,515,314
Other reserves			**4,519,742**		4,571,475
Deficit			**(13,355,570)**		(12,773,076)
Total equity (deficit)			**(264,939)**		313,713
Total liabilities and equity		**$**	**369,645**	$	990,546

APPROVED ON BEHALF OF THE BOARD

(signed) Raymond Lai
Director

(signed) Daniel Chu
Director

The accompanying notes are an integral part of these consolidated financial statements.

MAPLE LEAF GREEN WORLD INC.
Consolidated Statements of Changes in Equity
[Expressed in Canadian dollars]

	Number of shares	Issued capital	Other Reserves: Share-based payment reserve	Other Reserves: Foreign currency translation reserve	Deficit	Total equity (deficit)
At January 1, 2013	84,186,427	$ 8,515,314	$ 4,519,742	$ 51,733	$ (12,773,076)	$ 313,713
Loss for the year	-	-	-	-	(582,494)	(582,494)
Accumulated other comprehensive income recognized on sale of subsidiary	-	-	-	(51,733)	-	(51,733)
Private placement, net of share issuance costs	2,300,000	55,575	-	-	-	55,575
At December 31, 2013	**86,486,427**	**$ 8,570,889**	**$ 4,519,742**	**$ -**	**$ (13,355,570)**	**$ (264,939)**

	Number of shares	Issued capital	Other Reserves: Share-based payment reserve	Other Reserves: Foreign currency translation reserve	Deficit	Total equity
At January 1, 2012	80,682,875	$ 8,344,136	$ 4,509,888	$ (101,002)	$ (11,361,515)	$ 1,391,507
Loss for the year	-	-	-	-	(1,411,561)	(1,411,561)
Other comprehensive income	-	-	-	152,735	-	152,735
Share-based payment transactions	903,552	45,178	9,854	-	-	55,032
Private placement, net of share issuance costs	2,600,000	126,000	-	-	-	126,000
At December 31, 2012	84,186,427	$ 8,515,314	$ 4,519,742	$ 51,733	$ (12,773,076)	$ 313,713

The accompanying notes are an integral part of these consolidated financial statements.

MAPLE LEAF GREEN WORLD INC.

Consolidated Statements of Cash Flows

[Expressed in Canadian dollars]

		Year ended December 31,		
		2013		2012
OPERATING ACTIVITIES				
Loss for the period	**$**	**(582,494)**	$	(1,411,561)
Items not affecting cash:				
Depreciation and amortization		**87,538**		177,814
Loss on disposal of subsidiary		**84,657**		-
Accretion on convertible debentures		**30,846**		20,488
Accrued interest on short-term loans		**6,386**		5,440
Change in biological assets		**32,959**		285,838
Inventory write-down		**-**		31,140
Property, plant and equipment write-down		**-**		531,008
Foreign exchange loss (gain)		**85,810**		161,489
Share-based payment		**-**		9,854
		(254,298)		(188,490)
Non-cash working capital adjustments:				
Decrease (increase) in receivables and deposits		**12,463**		46,999
Decrease (increase) in inventory and biological assets		**41,187**		102,436
Inventory reclassified to biological assets		**-**		(48,840)
Increase (decrease) in trade and other payables		**(8,221)**		(14,298)
Increase (decrease) in deferred income		**-**		(43,979)
Deposits		**-**		1,570
Net cash flows used in operating activities		**(208,869)**		(144,602)
INVESTING ACTIVITIES				
Increase in land lease		**-**		(21,002)
Proceeds on disposal of subsidiary		**575,946**		-
Net cash flows from (used in) investing activities		**575,946**		(21,002)
FINANCING ACTIVITIES				
Shares issued, net of share issuance costs		**55,575**		126,000
Funds from convertible debentures		**50,000**		-
Repayment of convertible debentures		**(11,500)**		-
Funds from short-term loans, net		**141,136**		29,346
Repayment of short-term loans		**(250,896)**		-
Net cash flows from (used in) financing activities		**(15,685)**		155,346
Net increase (decrease) in cash		**351,392**		(10,258)
Cash, beginning of year		**12,226**		22,484
Cash, end of year	**$**	**363,618**	$	12,226

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. (“Maple Leaf” or the "Company"), is incorporated in Alberta, Canada with common shares listed on the TSX Venture Exchange under the ticker symbol MGW.V. The corporate office is located at 2916B – 19 Street NE, Calgary, Alberta. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

Maple Leaf is currently exploring opportunities for its eco-agriculture nursery business in Canada and the People’s Republic of China (“China”) and in its renewable energy business in China. To date, the Company has not yet generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception.

During the year ended December 31, 2013, the Company disposed its only wholly-owned subsidiary, Inner Mongolia Maple Leaf Reforestation Co. Ltd. ("Inner Mongolia Forestry"), to a third party.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on April 24, 2014.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company 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 operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant operating losses since inception, has limited financial resources, and no significant sources of positive operating cash flow. As at December 31, 2013, the Company has a deficit of $13,355,570 (2012 - $12,773,076) and a working capital deficiency of $267,939 (2012 - $276,313).

Management recognizes that the ability of the Company to carry out its planned business obligations depends on its ability to raise adequate financing from shareholders and other investors, and achieving profitable operations in the future. If the Company is not able to raise additional funds, there would be significant doubt that the Company would be able to continue as a going concern and operations may have to be curtailed. There is no assurance that the Company will be able to obtain adequate financing. The Company is actively trying to raise other sources of financing.

These consolidated financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities that may be required should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these consolidated financial statements is presented in Canadian dollars, except as otherwise stated.

(c) Basis of consolidation

These consolidated financial statements include the accounts of Maple Leaf and its wholly-owned subsidiary, Inner Mongolia Forestry, in China up to the date the Company disposed of its subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

(d) Functional currency

The presentation and functional currency of the Company is the Canadian dollar ("CAD"). The functional currency of its Chinese subsidiary is the Chinese renminbi ("RMB¥"), as it is the currency that mainly influences sales prices for goods and services, and is the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services in China.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Effective January 1, 2013, the Company has applied the following new and amended standards issued by the IASB.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the guidance on control and consolidation in IAS 27 *Consolidated and Separate Financial Statements*, and Standing Interpretations Committee ("SIC") 12 *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on apply the definition of control. The accounting requirements of consolidation have remained largely consistent with IAS 27. The Company assessed its investees on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation requirements of its subsidiary.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

IFRS 13 Fair value measurement

IFRS 13 provides a single IFRS framework for measuring fair value and disclosure requirements about fair value measurement. This standard defines fair value on the basis of exit price notion and uses a fair value hierarchy, which results in a market-based, rather than entity-specific, measurement. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to IAS 1 Presentation of Financial Statements

IAS 1 *Presentation of Financial Statements* amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any significant adjustments to other comprehensive income (loss) or comprehensive income (loss), aside from the presentation of other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Significant accounting judgments and estimates

Preparing the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Significant accounting judgments and estimates (Continued)

Critical accounting estimates

Significant areas requiring the use of management estimates relate to the determination of potential impairment of property, plant and equipment, determination of fair values of stock options, warrants, financial instruments, determination of the fair value of biological assets, as well as valuation of deferred income taxes. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Areas where actual results could differ from those estimates relate to, but are not limited to the following:

Estimated useful lives of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future. As the majority of the Company's property, plant and equipment were disposed during the year ended December 31, 2013, the impact of this management estimate is not expected to be material in the future.

Income taxes

Management makes estimates in determining the appropriate rates and amounts in recording deferred income tax assets or liabilities, giving consideration to timing and probability. Actual taxes could vary significantly from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. The resolution of these uncertainties and the associated final taxes may result in adjustment to the Company's tax assets and tax liabilities. The recognition of deferred income tax assets is subject to estimates over whether these amounts can be realized.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Significant accounting judgments and estimates (Continued)

Critical accounting estimates(Continued)

Biological assets

The fair value of biological assets is derived using the future estimated selling prices. Management uses estimates for the expected sales price of seedlings and costs to sell and complete, which are determined by considering historical actual costs incurred on a per seedling basis. The estimated selling price and costs are subject to fluctuations based on the timing of prevailing growing conditions and market conditions. The Company does not hold biological assets as of December 31, 2013, as they have been disposed of during the year.

Stock options, warrants and convertible debentures

The fair value of the Company's stock options, warrants and convertible debentures are derived from estimates based on available market data at that time, which include volatility, interest-free rates and share prices. Changes to subjective input assumptions can materially affect the fair value estimate.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. Management judgments include, but are not limited to:

Going concern

The assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its business development and working capital requirements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments, loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to maturity investments

Held-to-maturity financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Available-for-sale financial assets

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: as FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes in financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for assets or liabilities that are not based on observable market data

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The asset's recoverable amount is higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model will be used.

(d) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date.

As at the reporting date, the assets and liabilities of foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the reporting date and its revenues and expenses are translated at the exchange rate at the date of the transactions. The exchange difference that arises on the translation is taken to other comprehensive income (loss) and foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign subsidiaries are taken to the other comprehensive income (loss) and foreign currency translation reserve. Upon disposal of subsidiaries, the amount reflected in foreign currency translation reserve would be realized and reflected in the consolidated statement of loss and comprehensive loss as part of the gain or loss on disposal.

(e) Inventories and biological assets

Inventory consists of raw materials and supplies and is recorded at the lower of cost and net realizable value with costs being determined on a weighted average basis. Costs include the charge for materials and shipping costs and do not include storage and handling. Obsolete inventory is written off to the statement of loss and comprehensive loss.

Seedlings grown for resale are considered a biological asset and are valued under IAS 41 *Agriculture* at fair value less costs to sell for finished seedlings where the fair value can be determined. Seedlings in process are measured at cost, which approximates fair value, as little biological transformation has taken place since initial incurrence. Costs to sell include all costs that would be necessary to sell the assets, including finishing and transportation costs.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Revenue is recognized when i) the Company has transferred the significant risks and rewards of ownership to its customers which usually occurs on delivery, ii) all significant acts have been completed, iii) the Company retains no continuing managerial involvement in, or control of, the goods transferred, and iv) reasonable assurance exists regarding the measurement of consideration from sale of goods by the Company and the extent to which goods may be returned. When there is uncertainty as to ultimate collection, revenue is recognized only when cash is received. Amounts received or billed in advance of recognition are shown as deferred revenue.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost and amortized over their estimated useful lives on a straight-line basis using the following:

Furniture and equipment	5 years
Motor vehicles	5 years
Computer equipment	3 years
Leasehold improvement	5 years
Greenhouse	5 to 20 years

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate. The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired.

(h) Leases

The Company classifies leases as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. It classifies all other leases as operating leases.

The Company recognizes operating lease payments as an operating expense on a straight-line basis over the lease term. Amounts paid in advance for land leases in China are recorded as prepaid lease payments.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Convertible debentures

Convertible debentures are segregated into debt and equity components at the date of issue. The debt component of the debentures is classified as a liability and recorded as the present value of the Company's obligation to make future interest payments and settle the redemption value of the instrument. The carrying value of the debt component is accreted to the original face value of the instrument over the term of the convertible debenture using the effective interest method. The value of the conversion option makes up the equity component of the instrument. The conversion option is recorded using the residual value approach.

(j) Borrowings

Interest-bearing borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of loss and comprehensive loss in the period of the borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Other borrowing costs are expensed in the period they are incurred.

(k) Provisions

Provisions for legal claims, where applicable, are recognized in accrued liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(l) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Share-based payment (Continued)

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

(m) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the consolidated statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Loss per share

Basic loss per share is calculated by dividing the net loss applicable to common shareholders by the weighted average number of shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potential dilutive instruments were converted. All outstanding options and warrants are anti-dilutive and therefore have no effect on the determination of loss per share.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Accounting standards issued but not yet effective

The accounting standards and interpretations that are issued but not yet effective listed below are those that the Company reasonably expect will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 *Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The adoption date of this standard is not yet specified.

In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the Company's financial assets but it will not have an impact on classification and measurement of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

***Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32)**

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

This standard is applicable to annual periods beginning on or after January 1, 2014. The Company is in the process of assessing and quantifying the effect of this standard.

(Expressed in Canadian dollars, unless otherwise stated)

6. SALE OF SUBSIDIARY

During the year ended December 31, 2013, the Company disposed 100% of the shares of its wholly-owned subsidiary, Inner Mongolia Forestry, to a third party. Under the sale agreement with the third party, the consideration for the sale is $719,899 (RMB¥4,000,000) paid firstly through the settlement of all of the liabilities in the subsidiary of $143,953 (RMB¥828,128), with the remainder paid in cash to the Company $575,946 (RMB¥3,171,872). On November 29, 2013, the Company deconsolidated all assets, liabilities and transferred accumulated other comprehensive income related to Inner Mongolia Forestry, resulting in a loss on disposal of subsidiary of $84,657.

Revenue, cost of sales and operating expenses of Inner Mongolia Forestry to the date of the sale is included in the Company's results for the year.

The decision by management to dispose of the subsidiary was due to the decline in seedlings sales and the lack of improvement in infrastructure development in the geographic area since the Company's acquisition of the subsidiary.

7. RECEIVABLES AND DEPOSITS

Receivable and deposits consist of the following:

	December 31, 2013	December 31, 2012
GST recoverable	**$ 3,027**	$ 8,616
Deposits	**-**	6,874
	$ 3,027	$ 15,490

(Expressed in Canadian dollars, unless otherwise stated)

8. INVENTORY AND BIOLOGICAL ASSETS

Inventory consists of the following:

		December 31, 2013		December 31, 2012
Raw material and supplies	**$**	**-**	$	12,660

During the year ended December 31, 2012, some items of inventory were written down to their fair value, and accordingly, an impairment of $31,142 was recorded.

Information about the biological assets presented on the statement of financial position and in the statement of loss and comprehensive loss is as follows:

		2013		2012
Opening balance at January 1	**$**	**360,144**	$	597,142
Increase due to capitalized costs		**153,520**		371,866
Loss arising from changes in fair value less costs to sell		**(32,959)**		(285,838)
Decrease due to sales		**(41,187)**		(323,026)
Disposal of subsidiary		**(439,518)**		-
Balance at December 31	**$**	**-**	**$**	**360,144**

During the year ended December 31, 2013, biological assets were written down to their fair value based on management's assessment of recoverable value, and accordingly, a loss arising from changes in fair value of $32,959 was recorded. The Company also disposed its interest in its subsidiary, Inner Mongolia Forestry, and accordingly, all inventory and biological assets have been derecognized. Further information related to the disposal is provided in note 6.

During the year ended December 31, 2012, biological assets were written down to their fair value based on management’s assessment of recoverable value, and accordingly, a loss arising from changes in fair value of $285,838 was recorded.

(Expressed in Canadian dollars, unless otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	$ 40,676	$ 18,602	$ 12,638	$ 4,185	$ 1,925,668	$ 2,001,769
Foreign translation impact	(416)	(219)	-	-	(22,641)	(23,276)
As at December 31, 2012	$ 40,260	$ 18,383	$ 12,638	$ 4,185	$ 1,903,027	$ 1,978,493
Disposal	(38,118)	(20,018)	-	-	(2,000,217)	(2,058,353)
Foreign translation impact	3,112	1,635	-	-	97,190	101,937
As at December 31, 2013	**$ 5,254**	**$ -**	**$ 12,638**	**$ 4,185**	**$ -**	**$ 22,077**

Accumulated depreciation, depletion and amortization	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	$ 13,428	$ 9,766	$ 11,501	$ 837	$ 760,046	$ 795,578
Depreciation and amortization	2,757	3,282	275	906	170,594	177,814
Impairment	12,269	2,965	-	-	515,774	531,008
Foreign translation impact	(831)	(364)	-	-	(13,009)	(14,204)
As at December 31, 2012	$ 27,623	$ 15,649	$ 11,776	$ 1,743	$ 1,433,405	$ 1,490,196
Depreciation and amortization	2,705	3,170	323	906	77,524	84,628
Disposal	(28,895)	(20,343)	-	-	(1,566,678)	(1,615,916)
Foreign translation impact	2,896	1,524	-	-	55,749	60,169
As at December 31, 2013	**$ 4,329**	**$ -**	**$ 12,099**	**$ 2,649**	**$ -**	**$ 19,077**

Net book value	Funiture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at December 31, 2012	12,637	2,734	862	2,442	469,622	488,297
As at December 31, 2013	**$ 925**	**$ -**	**$ 539**	**$ 1,536**	**$ -**	**$ 3,000**

During the year ended December 31, 2013, the Company disposed of its interest in its subsidiary, Inner Mongolia Forestry, and accordingly, all property, plant, and equipment related to the greenhouse operations have been derecognized (note 6).

During the year ended December 31, 2012, the Company determined that the carrying value of certain property, plant and equipment used by the greenhouse operation was greater than their recoverable values and a total impairment charge of $531,008 was recorded. The Company estimated the recoverable value using the fair value less costs to sell ("FVLCS").

(Expressed in Canadian dollars, unless otherwise stated)

10. PREPAID LEASE PAYMENT

During the year ended December 31, 2013, the Company disposed of its interest in its subsidiary, Inner Mongolia Forestry, and accordingly, the prepayment for the 50-year lease of land related to the greenhouse has been derecognized (note 6).

11. SHORT-TERM LOANS

The Company was advanced funds from officers and directors of the Company or individuals related to the Company through these officers and directors for working capital expenditures of the Company. These advances bear an average interest rate of 10.75% per annum and are payable on demand. The following table summarizes information about the short-terms loans.

		2013		2012
Opening balance, as at January 1	**$**	**104,339**	$	69,553
Advance		**141,136**		186,862
Interest accrual		**6,386**		5,440
Repayment		**(250,896)**		(157,516)
Ending balance, December 31	**$**	**965**	$	104,339

Subsequent to December 31, 2013, the lender forgave the loan of $965 to the Company.

12. CONVERTIBLE DEBENTURES

In July 2010, the Company raised $102,500 by issuing convertible debentures bearing interest of 15% per annum and maturing July 30, 2012. The debentures are convertible into common shares of the Company using a conversion price of $0.175 until maturity. In July 2012, the Company reached agreements with the debenture holders to extend the maturity date of the convertible debentures to July 30, 2013 and amended the conversion price to $0.10 until maturity. The Company has yet to repay these amounts and continues to accrue interest expense with respect to these convertible debentures.

In March 2013, the Company issued $50,000 of convertible debentures to a director bearing interest of 10% per annum and maturing September 30, 2013. The debentures are convertible into common shares of the Company using a conversion price of $0.10 until maturity. Due to the short-term nature of the instrument, the carrying value approximated the fair value of the loan at issuance and there was $nil value to allocate to equity upon recognition.

During the year ended December 31, 2013, the Company recorded interest expense of $30,846 (2012 - $22,941). As at December 31, 2013, the carrying value and fair value of convertible debentures was $210,712 (2012 - $141,366). Subsequent to December 31, 2013, the Company repaid all the remaining convertible debentures in cash.

(Expressed in Canadian dollars, unless otherwise stated)

13. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Private placements

On February 6, 2012, the Company issued an aggregate of 903,552 common shares at a fair value of $0.05 per share for legal services to a private company wholly-owned by a former director of the Company. The shares were issued to settle outstanding amounts payable from prior years.

On February 24, 2012, the Company completed a private placement to raise gross proceeds of $130,000 by issuing 2,600,000 units at a subscription price of $0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for five years from the date of closing at a price of $0.10 per share. In connection with this private placement, the Company paid finder's fees in the amount of $4,000 to unrelated parties.

In April 2013, the Company completed a non-brokered private placement of 2,300,000 units for total gross proceeds of $57,500. Each unit consists of one common share and one common share purchase warrant, exercisable at $0.05 per share for the first year and $0.10 per share for the next four years. A finder’s fee in the amount of $1,925 was paid.

(c) Stock options

The following is a summary of option transactions:

	Number of options		Weighted average exercise price per share
Balance, December 31, 2011	6,785,000	$	0.14
Options expired or cancelled	(3,450,000)	$	0.14
Balance, December 31, 2012	3,335,000	$	0.13
Options expired	(2,785,000)	$	0.13
Balance, December 31, 2013	**550,000**	**$**	**0.13**

No options were granted during the years ended December 31, 2013 and 2012. The Company recorded share-based payments of $nil in 2013 (2012 - $9,854) relating to prior period option grants.

(Expressed in Canadian dollars, unless otherwise stated)

13. SHARE CAPITAL (Continued)

The following table summarizes information about stock options outstanding at December 31, 2013:

Exercise prices	Number of options outstanding	Expiry dates	Remaining contractual life	Number exercisable at reporting date
$ 0.125	450,000	January 18, 2014*	0.30	450,000
$ 0.125	100,000	July 29, 2014	0.58	100,000
$ 0.125	**550,000**			**550,000**

* Subsequent to December 31, 2013 these options expired unexercised.

(d) Warrants

Number of warrants outstanding as at January 1, 2012	Issued	Exercised/expired	Number of warrants outstanding as at December 31, 2012	Exercise price	Expiry date
1,000,000	-	(1,000,000)	-	$ 0.250	March 24, 2012
2,187,500	-	(2,187,500)	-	$ 0.200	August 9, 2012
2,350,000	-	(2,350,000)	-	$ 0.125	September 7, 2012
7,645,588	-	-	7,645,588	$ 0.125	February 14, 2013
684,458	-	-	684,458	$ 0.085	February 14, 2013
-	2,600,000	-	2,600,000	$ 0.100	February 24, 2017
13,867,546	2,600,000	(5,537,500)	10,930,046		

Number of warrants outstanding as at January 1, 2013	Issued	Exercised/expired	Number of warrants outstanding as at December 31, 2013	Exercise price	Expiry date
7,645,588	-	(7,645,588)	-	$ 0.125	February 14, 2013
684,458	-	(684,458)	-	$ 0.085	February 14, 2013
2,600,000	-	-	2,600,000	$ 0.100	February 24, 2017
-	2,300,000	-	2,300,000	$ 0.050	April 8, 2018
10,930,046	2,300,000	(8,330,046)	4,900,000		

(Expressed in Canadian dollars, unless otherwise stated)

14. RELATED PARTY TRANSACTIONS

Related party transactions include advances from directors and officers (note 11), issue of convertible debentures (note 12) and the compensation to key management disclosed below.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

		2013		2012
Management fees, consulting fees and wages	**$**	**126,600**	$	163,312
Share-based payments		**-**		5,091
Total	**$**	**126,600**	$	168,403

As at December 31, 2013, a total of $140,357 (2012 - $63,000) payable to key management remained outstanding and is included in trade and other payables on the consolidated statements of financial position. Amounts are non-interest bearing and are due on demand. The Company did not pay any long-term or termination benefits to its key management personnel during the years ended December 31, 2013 and 2012. The Company’s employment agreement with an officer would entitle that officer to $90,000 upon termination.

15. CAPITAL DISCLOSURES

The Company's objectives of capital management are to provide returns for shareholders, and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand its reforestation projects. The Company has no externally imposed capital requirements on the Company.

The capital of the Company consists of short-term loans, convertible debentures and the items included in shareholders' equity (deficit). The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There have been no changes in the way the Company manages its capital during the year ended December 31, 2013.

(Expressed in Canadian dollars, unless otherwise stated)

16. FAIR VALUE MEASUREMENTS

The following table provides the quantitative disclosures of the fair value measurement hierarchy of the Company's assets and liabilities.

	December 31, 2013		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities measured at fair value			
Cash	**$ 363,618**	**$ -**	**$ -**
Trade and other payables	**-**	**-**	**(411,761)**
Assets and liabilities for which fair value are disclosed			
Short-term loans	**-**	**-**	**(965)**
Convertible debentures	**-**	**-**	**(210,712)**

	December 31, 2012		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities measured at fair value			
Cash	$ 12,226	$ -	$ -
Trade and other payables	-	-	(419,982)
Assets and liabilities for which fair value are disclosed			
Short-term loans	-	-	(104,339)
Convertible debentures	-	-	(141,366)

There were no assets categorized as level 2 and level 3 in the fair value hierarchy, no liabilities categorized as level 1 and level 2 and no transfer between levels during the reporting period.

17. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL, and trade payables, short-term loans and convertible debentures are classified as other financial liabilities, which are measured at amortized cost.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect estimates. Management assessed that the fair value of cash and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of the Company’s short-term loan and convertible debentures are determined by using discounted cash flow method using discount rates that reflect the Company’s borrowing rate as at the end of the reporting period.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with major financial institutions. The Company’s concentration of credit risk for cash and maximum exposure thereto is $363,618 (2012 - $12,226).

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. At December 31, 2013, the Company has $363,618 (2012 - $12,226) of cash to settle current liabilities with the following due dates: trade and other payables of $411,761 (2012 - $419,982) are due within three months; convertible debentures of $210,712 (2012 - $141,366), short-term loans of $965 (2012 - $104,339) and deposits of $11,146 (2011 - $11,146) are due on demand.

(c) Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

17. FINANCIAL INSTRUMENTS (Continued)

c) Market risk (Continued)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable rates. Due to the short-term nature of this financial instrument, fluctuations in market rates of interest do not have a significant impact on the estimated fair value or future cash flows.

(ii) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in CAD. The Company does not manage currency risk through hedging or other currency management tools. The Company's exposure to currency risk is limited to the net investment in the subsidiary.

As at December 31, 2013, with other variables unchanged, the impact on comprehensive income arising from 1% fluctuation of the RMB against the CAD was nominal (2012 - $850).

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk, and credit risk in accordance with its risk management framework. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(Expressed in Canadian dollars, unless otherwise stated)

18. SEGMENT INFORMATION

The Company has one reportable segment and two geographic segments: Canada and China.

Upon sale of its subsidiary, Inner Mongolia Forestry, the Company only has one geographic segment in Canada.

The following is the summary of certain long-term assets and total assets of each segment:

	Canada	China	Total
As at December 31, 2013			
Property, plant and equipment	**$ 3,000**	**$ -**	**$ 3,000**
Prepaid lease payment, non-current portion	**-**	**-**	**-**
Total Assets	**$ 369,645**	**-**	**$ 369,645**
As at December 31, 2012			
Property, plant and equipment	$ 4,630	$ 483,667	$ 488,297
Prepaid lease payment, non-current portion	-	101,729	101,729
Total Assets	$ 32,346	$ 958,200	$ 990,546

(Expressed in Canadian dollars, unless otherwise stated)

19. DEFERRED INCOME TAX

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

		December 31, 2013		December 31, 2012
Loss for the year	$	**(582,494)**	$	(1,411,561)
Canadian statutory tax rate		**25.75%**		25.00%
Income tax benefit computed at statutory rates		**(149,992)**		(352,890)
Items non-deductible for income tax purposes		**67,588**		3,976
Change in timing differences		**(19,805)**		146,377
Effect of change in tax rates		**(69,128)**		-
Unused tax losses and tax offsets not recognized in tax asset		**171,226**		205,572
Impact of foreign exchange on tax assets and liabilities		**-**		(3,035)
Income tax benefit	**$**	**-**	$	-

Effective April 1, 2013, the British Columbia corporate tax rate increased from 10.00% to 11.00% and the Canadian federal corporate tax rate remained constant at 15.00%. The overall increase in tax rates has resulted in an increase in the Company's statutory tax rate from 25.00% to 25.75%

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate taxable income to be able to recognize of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

December 31		**December 31, 2013**		December 31, 2012
Non-capital losses	$	**6,570,712**	$	9,127,107
Share issue costs		**33,037**		906
Resource properties		**567,811**		567,811
Tax value over book value of biological assets and inventory		**-**		307,800
Tax value over book value of property, plant and equipment		**3,322**		1,469,812
Unrecognized deductible temporary differences	$	**7,174,882**	$	11,473,436

(Expressed in Canadian dollars, unless otherwise stated)

19. DEFERRED INCOME TAX (Continued)

The Company's unrecognized unused non-capital losses have the following expiry dates:

		Canada
2025	$	451,000
2026		364,000
2027		899,000
2028		1,177,000
2029		1,123,000
2030		1,027,000
2031		670,000
2032		495,000
2033		364,000
	$	**6,570,000**

20. COMMITMENTS

The Company has a lease with Giamel Inc. with respect to its Calgary head office location. The lease is for a term of three years, from November 1, 2011 to October 31, 2014, with the remaining lease payment of $36,500 over the remaining period in 2014.

The Company has currently sub-leased some office space to offset the costs of its Calgary lease. Annual revenue from the sub-lease is estimated to be $20,000.

21. CONTINGENCY

The Company is in dispute with a third party ("plaintiff") with respect to unpaid professional fees. The plaintiff has filed a civil claim and is seeking payment of approximately $34,000. Management of the Company has filed a counterclaim and has accrued the contingent amount in trade and other payables.