SONOMA CAPITAL INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2011 AND 2010

(Expressed in Canadian Dollars)

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sonoma Capital Inc.

We have audited the accompanying financial statements of Sonoma Capital Inc., which comprise the balance sheets as at July 31, 2011 and 2010 and the statements of operations and deficit and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sonoma Capital Inc. as at July 31, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes the material uncertainties that may cast significant doubt about Sonoma Capital Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
November 22, 2011
Toronto, Ontario

Collins Barrow
Chartered Accountants

SONOMA CAPITAL INC.
Balance Sheets
As at July 31, 2011 and 2010

ASSETS	July 31, 2011		July 31, 2010	
Current				
Cash	**$**	**676**	$	4,659
Harmonized sales tax receivable		**3,556**		-
Total Assets	**$**	**4,232**	$	4,659
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**35,483**	$	45,918
Notes payable (note 3)		**5,000**		23,700
Total Liabilities	**$**	**40,483**	$	69,618
SHAREHOLDERS' DEFICIENCY				
Share capital (note 4)		**240,000**		100,000
Deficit		**(276,251)**		(164,959)
		(36,251)		(64,959)
Total liabilities and shareholders' deficiency	**$**	**4,232**	$	4,659

Nature of business and going concern (note 1)
Subsequent events (note 8)

APPROVED ON BEHALF OF THE BOARD

"ANDRES TINAJERO"
DIRECTOR

"CLAUDE FORGET"
DIRECTOR

(See accompanying notes to financial statements.)

SONOMA CAPITAL INC.
Statement of Operations and Deficit
Year Ended July 31, 2011 and 2010

		2011		2010
Expenses				
Professional fees	**$**	**8,250**	$	34,111
Consulting fees		**38,133**		-
Filing fees		**300**		21,087
Interest and bank charges		**2,450**		408
Total expenses		**49,133**		55,606
Other (income) expense				
Loss on debt settlement (notes 4 and 6)		**70,000**		-
Recovery of expenses (note 6)		**(7,841)**		-
Net loss and comprehensive loss	**$**	**(111,292)**	$	(55,606)
Deficit – beginning of the year		**(164,959)**		(109,353)
Net loss and comprehensive loss		**(111,292)**		(55,606)
Deficit – end of the year	**$**	**(276,251)**	$	(164,959)
Loss per share				
Basic and diluted	**$**	**(0.110)**	$	(0.056)
Weighted average number of common shares outstanding				
Basic and diluted		**1,007,671**		1,000,000

(See accompanying notes to financial statements.)

SONOMA CAPITAL INC.
Statement of Cash Flows
Years ended July 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Net loss	**$ (111,292)**	$ (55,606)
Adjustment for non-cash transactions:		
Recovery of expenses	**7,841**	-
Loss on debt settlement	**70,000**	-
Changes in non-cash working capital items:		
Harmonized sales tax receivable	**(3,556)**	-
Accounts payable and accrued liabilities	**16,524**	33,358
Net funds (used) in operating activities	**(20,483)**	(22,248)
Cash Flows from Financing Activities:		
Notes payable (note 3)	**16,500**	18,700
Net funds provided by financing activities	**16,500**	18,700
Net increase (decrease) in Cash	**(3,983)**	(3,548)
Cash – beginning of the year	**4,659**	8,207
Cash – end of the year	**$ 676**	$ 4,659
Interest paid	**-**	-
Taxes paid	**-**	-

Non Cash Activities:

During the year ended July 31, 2010

- None

During the year ended July 31, 2011

- The Company issued 1,400,000 common shares to settle $35,000 of accrued liabilities relating to consulting services provided to the Company (note 4).
- The Company issued 1,400,000 common shares to settle $35,000 of notes payable (note 4).

(See accompanying notes to financial statements.)

1. NATURE OF BUSINESS AND GOING CONCERN

Sonoma Capital Inc. (the "Company" or “Sonoma”) was incorporated under the Canada Business Corporations Act on July 19, 2004. The Company was previously classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

The Company filed a final prospectus on January 31, 2007, in Quebec only and is therefore a reporting issuer in Quebec.

The Company did not raise any proceeds relating to this prospectus offering and all deferred share issuance fees relating to this offering were expensed.

These financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) assuming that the Company will be able to realize its assets and meet its liabilities in the ordinary course of business. The Company’s continued existence as a going concern, as planned, depends on its ability to successfully obtain additional financing. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant areas requiring the use of management estimates include recording of accruals and determination of fair value of share based payment. Actual results could differ from those estimates.

Income Taxes

The Company follows the liability method with respect to accounting for income taxes. Future tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the enacted tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loss per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Financial Instruments

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Financial instruments are classified into one of five categories; held-for-trading; held-to-maturity investments; loans and receivables; available-for-sale or other financial liabilities. All financial assets and financial liabilities, including derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured and amortized at cost. Subsequent measurement and changes in fair value will depend on the their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company's financial assets and liabilities are generally classified and measured as follows:

Financial Instrument	**Classification**	**Subsequent Measurement**
Cash	Held-for-trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Notes payable	Other liabilities	Amortized cost

Disclosure and Presentation

In June 2009, CICA Handbook Section 3862 was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The only financial instrument on the balance sheet measured at fair value is cash which is measured at level 1 of the fair value hierarchy.

Comprehensive income consists of net earnings and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with GAAP, are recognized in comprehensive income but excluded from net earnings. Amounts included in accumulated other comprehensive income are reclassified to net earnings when realized. Due to the nature of the instruments held, there is no significant impact on the financial statements as cost approximates fair value.

The Company had no other comprehensive income or loss transactions during the years ended July 31, 2011 and 2010. Accordingly a statement of comprehensive income has not been presented.

Future Accounting Changes

International Financial Reporting Standards (IFRS)

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") effective January 1, 2011 for publicly accountable enterprises. The transition date of August 1, 2011 for the Company will require restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011 and accordingly the Company will need to prepare an opening balance sheet, in accordance with IFRS, as at August 1, 2010.

3. NOTES PAYABLE

Notes payable issued and outstanding are as follows:

	2011	2010
Director and shareholder	**$ 5,000**	$ 5,000
Shareholder	**-**	18,700
	$ 5,000	$ 23,700

On April 17, 2008, the Company issued a $5,000 non-interest bearing note payable to Walter Lee, a shareholder of the Company, which is unsecured, due on demand and has no specific repayment date. On May 4, 2010, July 16, 2010, November 8, 2010 and January 5, 2011, the Company issued 8% interest bearing promissory notes of $16,000, $2,700, $6,500 and $10,000, respectively, to Foundation Opportunities Inc, ("FOI"). FOI is a related party due to it being a shareholder of the Company. On July 31, 2011 a principal amount of $35,000 was converted to 1,400,000 common shares. At July 31, 2011, $5,000 was outstanding under notes payable and at July 31, 2010 there was $23,700 outstanding.

4. SHARE CAPITAL

Unlimited common shares authorized, issued and outstanding as follows:

	Number of Shares	$ Amount
August 1, 2009	1,000,000	$ 100,000
Shares Issued	-	-
July 31, 2010	1,000,000	$ 100,000
Shares Issued	2,800,000	140,000
July 31, 2011	3,800,000	$ 240,000

On July 31, 2011, the Company issued 1,400,000 common shares to settle promissory notes of $35,000 issued to FOI. Also, on July 31, 2011, the Company issued a further 600,000 common shared to extinguish liabilities totaling $15,000 for past consulting services rendered by FOI. Cavalry Corporate Solutions Ltd. ("Cavalry") (Cavalry is a majority owned subsidiary of Foundation Financial Holdings Corp. the parent entity of FOI) assigned a receivable from the Company to FOI on July 31, 2011 and the Company issued 800,000 shares of its common stock to FOI in full satisfaction of this liability.

5. INCOME TAX EXPENSE

(a) Income Tax Expenses

Reported income tax expense differs from the amounts computed by applying current tax rats to the loss before income taxes due to the following:

		2011		2010
Loss before income taxes	**$**	**(111,292)**	$	(55,606)
Statutory rate		**29.09%**		32.25%
Expected income tax recovery		**(32,375)**		(17,933)
Non-deductible expenses		**20,363**		-
Change in rates		**1,689**		8,406
Change in valuation allowance		**10,323**		9,527
Income tax expense	**$**	**-**	$	-

5. **INCOME TAX EXPENSE** (continued)

(b) Future Income Taxes

The tax effect of significant differences that give rise to future income taxes is as follows:

	2011	2010
Non-capital loss carry forwards	**$ 51,563**	$ 37,154
Share issuance costs	**-**	4,086
Net future tax asset	**51,563**	41,240
Less: valuation allowance	**(51,563)**	(41,240)
	$ -	$ -

The Company has determined that the realization of a future tax asset is not "more likely than not" and therefore a valuation allowance has been recorded against the future income tax asset.

(c) Loss and Tax Credit Carryforwards

As at July 31, 2011 the Company has non-capital losses which are available to reduce future year's taxable income. The potential income tax benefits associated with these losses have not been recorded in the accounts. The approximate amounts and expiry dates of these non-capital loss carry forwards are as follows:

2026	$ 200
2027	16,400
2028	39,700
2029	20,400
2030	72,000
2031	57,600
	$ 206,300

6. RELATED PARTY TRANSACTIONS

On November 16, 2010, FOI and certain directors acquired 450,000 shares of the Company's common stock from existing shareholders, representing an ownership interest of 45%.

On November 8, 2010 and January 5, 2011, the Company issued 8% interest bearing promissory notes of $6,500 and $10,000, respectively; to FOI ($16,000 and $2,700 were issued in 2010 fiscal year - note 3).

On July 31, 2011 the Company issued a total of 2,800,000 common shares valued at $140,000 to FOI to extinguish notes payable and liabilities associated with past services provided (note 4) of $70,000. The Company recorded a loss on debt settlement of $70,000.

For the twelve months ended July 31, 2011, the Company accrued $2,319 ($nil for the twelve months ended July 31, 2010) of interest in relation to the promissory notes issued to FOI. This interest was forgiven at year-end by FOI and is included in the recovery of expenses.

7. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares and deficit, in the definition of capital. As at July 31, 2011, the Company had $676 in cash, which is not sufficient for the Company to meet its ongoing obligations.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

8. FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of the Company's cash, note payable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

9. SUBSEQUENT EVENTS

Changes in Officers and Directors

On August 24, 2011 Mr. Julio Di Girolamo resigned as Chief Executive Officer and director of the Company and was replaced by Mr. Andres Tinajero in these capacities. Mr. Yvan Routhier also resigned as a director on August 24, 2011.

9. SUBSEQUENT EVENTS (continued)

Private Placement

On August 24, 2011, the board of directors approved a private placement of up to 6,000,000 common shares at $0.05 per share for gross proceeds of $300,000. Foundation Markets Inc., an associated entity of FOI was engaged to facilitate the private placement.

As of the date of completion of these financial statements, $285,000 financing has been completed under this private placement.

Notes Payable Converted to Common Shares

Subsequent to the year-end, the $5,000 of notes payable was converted into 200,000 common shares of the Company.

Strategic Direction Discussions and Caldera Geothermal Inc. Promissory Note

The directors and management have begun discussions and are reviewing various go forward opportunities. In anticipation of acquiring a business or possibly making a limited investment, the Company has agreed to provide loans to an alternative energy business known as Caldera Geothermal Inc. (“Caldera”).

In August 2011, the Company agreed to loan Caldera $78,000 under a promissory note with interest payable at 8% per annum. Caldera is a related party due to common shareholders.