

SONOMA CAPITAL INC.

CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIOD ENDED APRIL 30, 2012 AND 2011

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

The accompanying condensed unaudited interim consolidated financial statements have been prepared by
and are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the
independent external auditors of the Company.

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SONOMA CAPITAL INC.**Condensed Unaudited Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)**

	<u>ASSETS</u>	April 30, 2012	July 31, 2011 (note 11)	August 1, 2010 (note 11)
Current				
Cash		\$ 20	\$ 676	\$ 4,659
HST receivable and other receivables		7,973	3,556	-
		<u>7,993</u>	<u>4,232</u>	<u>4,659</u>
Notes receivable (note 4)		<u>205,000</u>	-	-
Total Assets		<u>\$ 212,993</u>	<u>\$ 4,232</u>	<u>\$ 4,659</u>
	<u>LIABILITIES</u>			
Current				
Accounts payable and accrued liabilities		\$ 81,531	\$ 35,483	\$ 45,918
Note payable (note 5)		-	5,000	23,700
Total Liabilities		<u>\$ 81,531</u>	<u>\$ 40,483</u>	<u>\$ 69,618</u>
	<u>SHAREHOLDERS' EQUITY (DEFICIENCY)</u>			
Share capital (note 6)		530,000	240,000	100,000
Deficit		<u>(398,538)</u>	<u>(276,251)</u>	<u>(164,959)</u>
Total shareholders' equity (deficiency)		<u>131,462</u>	<u>(36,251)</u>	<u>(64,959)</u>
Total liabilities and shareholders' equity (deficiency)		<u>\$ 212,993</u>	<u>\$ 4,232</u>	<u>\$ 4,659</u>

Nature of business and going concern (note 1)
Commitments and contingencies (note 9)

APPROVED ON BEHALF OF THE BOARD

"ANDRES TINAJERO"

DIRECTOR

"CLAUDE FORGET"

DIRECTOR

(See accompanying notes to consolidated financial statements.)

SONOMA CAPITAL INC.

Condensed Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

	Three months ended April 30, 2012	Three months Ended April 30, 2011	Nine months ended April 30, 2012	Nine months ended April 30, 2011
Expenses				
Professional fees	\$ 4,973	\$ 11,193	22,383	\$ 20,602
Consulting fees	49,252	-	109,387	-
Filing fees	92	-	2,803	1,597
Office and general	45	-	390	-
Interest and bank charges	32	683	287	1,724
Total expenses	54,394	11,876	135,250	23,923
Other (income)				
Recovery of expenses	-	-	(4,990)	-
Interest income (note 4)	(4,044)	-	(7,973)	-
Net loss and comprehensive loss	(50,350)	(11,876)	(122,287)	(23,923)
Loss per share weighted average number of shares outstanding – basic and diluted				
Loss per share	(0.005)	(0.012)	(0.015)	(0.024)
Weighted average number of common shares outstanding				
Basic and diluted	9,600,000	1,000,000	8,370,652	1,000,000

(See accompanying notes to consolidated financial statements.)

SONOMA CAPITAL INC.

Condensed Unaudited Interim Consolidated Statements of Changes in Equity
For the nine months ended April 30, 2012 and for the year ended July 31, 2011
(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Reserves</u>		<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Share based payments</u>	<u>Warrants</u>		
Balance at August 1, 2010	1,000,000	\$ 100,000	\$ -	-	\$ (164,959)	\$ (64,959)
Common stock issued for services and extinguishment of promissory notes	2,800,000	140,000	-	-	-	140,000
Net loss and comprehensive loss for the year	-	-	-	-	(111,292)	(111,292)
Balance at July 31, 2011	3,800,000	\$ 240,000	\$ -	-	\$ (276,251)	\$ (36,251)
Common stock issued in private placement	5,600,000	\$ 280,000	-	-	-	280,000
Common stock issued for services and extinguishment of promissory notes	200,000	10,000	-	-	-	10,000
Net loss and comprehensive loss for the period	-	-	-	-	(122,287)	(122,287)
Balance at April 30, 2012	9,600,000	\$ 530,000	\$ -	-	\$ (398,538)	\$ 131,462

(See accompanying notes to consolidated financial statements.)

SONOMA CAPITAL INC.**Condensed Unaudited Interim Consolidated Statements of Cash Flows****For the Nine Month Period Ended April 30, 2012 and 2011****(Expressed in Canadian Dollars)**

	Nine months ended April 30, 2012	Nine months ended April 30, 2011
Operating Activities		
Net loss	\$ (122,287)	\$ (23,923)
Adjustments for non-cash items:		
Common stock issued for services provided	5,000	-
Recovery of expenses	(4,990)	-
Changes in non-cash working capital items:		
HST receivable and other receivables	(4,417)	(2,124)
Accounts payable and accrued liabilities	51,038	5,906
	<u>(75,656)</u>	<u>(20,141)</u>
Financing Activities		
Note payable	-	16,500
Proceeds from issuance of share capital	280,000	-
	<u>280,000</u>	<u>16,500</u>
Investing Activities		
Loans provided to investee	(205,000)	-
	<u>(205,000)</u>	<u>-</u>
Net decrease in cash during the period	(656)	(3,641)
Cash – beginning of the period	676	4,659
Cash – end of the period	\$ 20	\$ 1,018

SONOMA CAPITAL INC.

Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

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.

On October 3, 2011, the Company incorporated Sonoma Energy Inc. ("Sonoma Energy") in Nevada, USA. Sonoma Energy does not have operations, assets or liabilities and the share capital is \$10.

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.

The Company's head office is located at 95 Wellington Street West, Suite 1450, Toronto, Ontario M5J 2N7.

The Company's continued existence as a going concern, as planned, depends on its ability to successfully obtain additional financing. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. 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. These statements have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

The Company plans to pursue additional financing in the immediate future.

2. Basis of Preparation

2.1 Statement of compliance

These are the Company's third condensed unaudited interim consolidated financial statements that are prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting and International Financial Reporting Standards 1 ("IFRS 1"), First-time Adoption of IFRS, as issued by the International Accounting Standards Board ("IASB"). The policies applied in these condensed unaudited interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at June 27, 2012. Any subsequent changes to IFRS that are given in the annual financial statements for the year ended July 31, 2012 could result in restatement of these interim financial statements, including the transition adjustments recognized on change over to IFRS.

The Company's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company has adopted IFRS on August 1, 2011 with a transition date of August 1, 2010. Under IFRS 1, IFRS standards are applied retrospectively at the transition date subject to certain exceptions and exemptions. Comparative figures for the period ended July 31, 2011, and an opening balance sheet as at August 1, 2010, were restated to reflect these adjustments. For a summary of the impact and reconciliations of the transition from Canadian GAAP to IFRS at the date of transition, August 1, 2010, as well as for the year ended July 31, 2011, refer to note 12.

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Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

2.2 Basis of presentation

The condensed unaudited consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. The comparative figures presented in these interim consolidated financial statements are in accordance with IFRS.

2.3 Adoption of new and revised standards and interpretation

At the date of authorization of these Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods ended April 30, 2012 and not yet adopted.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.
- IFRS 11 '*Joint Arrangements*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of the financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 '*Fair Value Measurement*' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

The Company is currently assessing the impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

3. Summary of significant accounting policies

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, Sonoma Energy. Sonoma Energy was incorporated on October 3, 2011, in the state of Nevada and is a subsidiary entity controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an entity as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the date control commences until the date that control ceases.

Business acquisitions are accounted for using the acquisition method.

SONOMA CAPITAL INC.

Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

b) Cash

Cash consists of cash on deposit with a bank in a general non-interest bearing account and funds held in trust by the Company's lawyers.

c) Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables and at fair value through profit and loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Cash is classified as fair value through profit or loss.

Financial assets classified as held-to-maturity and loans and receivables are measured at amortized cost using the effective interest rate method. Notes receivable and other receivables are classified as loans and loans receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which measured at cost. The Company does not have any financial assets classified as available-for-sale.

Transaction costs associated with fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through the profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through profit or loss. At January 31, 2012, the Company has not classified any financial liabilities as fair value through the profit and loss.

d) Income taxes

The Company accounts for income taxes in accordance with the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

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Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

e) Share based payments

The Company uses the fair value method of accounting for options granted under share purchase option plans. Options granted to directors, officers and employees are measured at fair value at the grant date, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation previously included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

The costs of equity-settled transactions for services or debt are measured by reference to the fair value at the date on which they are granted.

f) Other comprehensive income

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available-for-sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position. At present, the Company has no other comprehensive income or loss.

g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

h) Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be

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used to purchase common shares at the average market price during the year. Diluted loss per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

i) Accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant estimates used in the preparation of these condensed unaudited interim consolidated financial statements include, among others, the recoverability of accounts receivable and notes receivable and the fair value of financial assets and liabilities. Actual results may differ from those estimates.

4. Notes receivable

As of April 30, 2012, the Company has provided loans to Caldera Geothermal Inc. ("Caldera") aggregating \$205,000. The notes receivable bear interest at 8% per annum, are unsecured, due on demand and have no specific repayment date. Management has made the determination that the Company will not demand repayment within next twelve months. A total of \$7,973 (\$nil at July 31, 2011) of interest receivable is included in HST receivable and other receivables.

Caldera is a related party by virtue of certain common shareholders.

Notes receivable are as follows:

	As at,	
	January 31, 2012	July 31, 2011
Less than 1 month	\$ -	\$ -
1 to 9 months	205,000	-
Totals note receivable	\$ 205,000	\$ -

5. Note payable

On April 17, 2008, the Company issued a \$5,000 non-interest bearing note payable to a director and shareholder of the Company, which was unsecured, due on demand and had no specific repayment date. On August 2, 2011, the note was converted to 100,000 shares of common stock valued at \$5,000 (note 6).

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Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

6. Share capital

Unlimited common shares authorized, issued and outstanding as follows:

	Number of Shares	Amount
July 31, 2010	1,000,000	\$ 100,000
Shares issued in repayment of promissory notes and services provided (i)	2,800,000	140,000
July 31, 2011	3,800,000	240,000
Shares issued under private placement (ii)	5,600,000	280,000
Shares issued in repayment of promissory note and services provided (iii)	200,000	10,000
April 30, 2012	9,600,000	\$ 530,000

(i) On July 31, 2011, the Company issued 1,400,000 common shares to settle promissory notes of \$35,000 issued to Foundation Opportunities Inc. ("FOI"), and a further 600,000 common shares 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, valued at \$0.05 per common share.

(ii) Between August 23, 2011 and September 26, 2011, the Company completed a private placement of 5,600,000 common shares for aggregate cash consideration of \$280,000, at \$0.05 per common share.

(iii) On August 2, 2011, the Company issued 100,000 common shares to a director and shareholder of the Company in full and complete repayment of a \$5,000 promissory note. On August 31, 2011, the Company issued 100,000 common shares to FOI as payment of \$5,000 in consulting services provided, valued at \$0.05 per common share.

7. Related party transactions

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 during the 2010 fiscal year).

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

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

During the nine month period ended April 30, 2012, Cavalry provided \$50,850 of financial accounting and consulting services. Also, during the nine month period ended April 30, 2012, FOI invoiced the Company \$50,850 for strategic consulting services, of which \$5,000 was paid through the issuance of 100,000 shares of the Company's common stock.

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Notes to Condensed Unaudited Interim Consolidated Financial Statements

For the Three and Nine Month Period Ended April 30, 2012 and 2011

(Expressed in Canadian Dollars)

Included in accounts payable and accrued liabilities as at April 30, 2012 is \$46,025 in amounts due to related parties.

8. Capital 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 April 30, 2012, the Company had \$20 in cash and accounts payable and accrued liabilities of \$81,531, 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.

9. Commitments and contingencies

The Company and Cavalry entered into a management services agreement on November 25, 2011. The management services agreement includes services for controllership, bookkeeping and corporate secretarial services. In consideration for these services the Company agreed to pay \$5,000 per month until a going public transaction by the Company or as terminated by the Company.

The Company and FOI entered into a financial advisory agreement on November 1, 2011 until April 30, 2012. In consideration for these services the Company agreed to pay \$5,000 per month. FOI and the Company may extend the length of the advisory agreement by mutual consent at any time.

10. Financial Instruments

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

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Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

11. Financial risk exposure and risk management

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's search for potential acquisitions or businesses with a view of completing a transaction, and limited exposure to credit and market risks.

The types of risk exposures and the way in which such exposures are managed as follows:

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligation out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is susceptible to liquidity risk due to the negative working capital.

(b) Interest rate risk

The Company is not exposed to any significant interest rate risk.

(c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of notes receivable.

12. First time adoption to IFRS

For all periods up to and including the year ended July 31, 2011, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The Company transitioned from Canadian GAAP to IFRS effective August 1, 2010. Accordingly, the Company has prepared financial statements which comply with IFRS for periods beginning on or after August 1, 2010.

These condensed unaudited interim financial statements for the quarter ended April 30, 2012, are the Company's third consolidated financial statements that have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting and International Financial Reporting Standards 1 ("IFRS 1"), First-time Adoption of IFRS, as issued by the International Accounting Standards Board ("IASB").

These condensed unaudited interim financial statements have been prepared in accordance with the accounting policies described in Note 3. There are no reconciling items for the statement of financial position as at April 30, 2011 and July 31, 2011 and for the loss and comprehensive loss and cash flows for the period ending April 30, 2011 and for the year ended July 31, 2011.

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Notes to Condensed Unaudited Interim Consolidated Financial Statements For the Three and Nine Month Period Ended April 30, 2012 and 2011 (Expressed in Canadian Dollars)

(a) Elected exemptions from full retrospective application

The Company has followed the recommendations in IFRS-1 *First-time adoption of IFRS*, in preparing its transitional statements. While IFRS 1 permits certain optional exemptions from full retrospective application of IFRS, the Company has not used any of these exemptions.

(b) Mandatory exceptions to retrospective application

In preparing these condensed unaudited interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exception to full retrospective application of IFRS regarding estimates. Specifically, hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(c) Significant differences between IFRS and Canadian GAAP

Given the business of the Company as a shell entity preparing for a listing, the impact on the adoption of IFRS had no significant impact on the Company's financial position, financial performance and cash flows. Specifically, the main areas of accounting focus for the Company to date have been, and will continue to be prior to the consummation of an acquisition or the start of material operations, the issuance of share capital and the recording of cash transactions for which there are very few or no significant differences between IFRS and previous Canadian GAAP.

Below is the Company's Consolidated Statement of Financial Position as at the transition date of August 1, 2010.

	<u>As at August 1, 2010</u>		
	GAAP	Effect of transition to IFRS	IFRS
<u>ASSETS</u>			
Current			
Cash	\$ 4,659	-	\$ 4,659
Harmonized sales tax receivable	-	-	-
Total assets	<u>4,659</u>	-	<u>4,659</u>
<u>LIABILITIES</u>			
Current			
Accounts payable and accrued liabilities	\$ 45,918	-	\$ 45,918
Notes payable	23,700	-	23,700
Total current liabilities	<u>69,618</u>	-	<u>69,618</u>
<u>Shareholders' Equity (Deficiency)</u>			
Share capital	100,000	-	100,000
Deficit	<u>(164,959)</u>	-	<u>(164,959)</u>
	(64,959)	-	(64,959)
Total liabilities and shareholders' equity (deficiency)	<u>\$ 4,659</u>	-	<u>\$ 4,659</u>