SONOMA CAPITAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2013 AND 2012

(EXPRESSED IN CANADIAN DOLLARS)

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Sonoma Capital Inc.

We have audited the accompanying consolidated financial statements of Sonoma Capital Inc., which comprise the consolidated statements of financial position as at July 31, 2013 and July 31, 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended July 31, 2013 and 2012 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 auditor's 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 Sonoma Capital Inc. as at July 31, 2013 and July 31, 2012 and its financial performance and its cash flows for the years ended July 31, 2013 and July 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated 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 27, 2013
Toronto, Ontario

SONOMA CAPITAL INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2013	July 31, 2012
ASSETS		
Current		
Cash	**$ -**	$ 34
Total Assets	**$ -**	$ 34
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 176,667**	$ 103,026
Total Liabilities	**$ 176,667**	$ 103,026
SHAREHOLDERS' DEFICIENCY		
Share capital (note 5)	**520,290**	520,290
Deficit	**(696,957)**	(623,282)
Total shareholders' deficiency	**(176,667)**	(102,992)
Total liabilities and shareholders' deficiency	**$ -**	$ 34

Nature of business and going concern (note 1)
Commitments and contingencies (note 8)

APPROVED ON BEHALF OF THE BOARD

"YANNIS BANKS"
DIRECTOR

"CLAUDE FORGET"
DIRECTOR

(See accompanying notes to the consolidated financial statements.)

SONOMA CAPITAL INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended July 31,	2013	2012
Expenses		
Professional fees	**$ 5,754**	$ 17,168
Consulting fees	**67,848**	127,427
Filing fees	**-**	2,803
Office and general	**73**	(377)
Total expenses	**(73,675)**	(147,021)
Other (income) expenses		
Loss on write down of note receivable (note 4)	**-**	217,107
Recovery of expenses	**-**	(4,990)
Interest income (note 4)	**-**	(12,107)
Net loss and comprehensive loss	**$ (73,675)**	$(347,031)
Loss per share weighted average number of shares outstanding – basic and diluted		
Loss per share	**(0.008)**	(0.038)
Weighted average number of common shares outstanding		
Basic and diluted	**9,600,000**	9,246,994

(See accompanying notes to the consolidated financial statements.)

SONOMA CAPITAL INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Share based payments	Warrants	Accumulated Deficit	Total
Balance at August 1, 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 settlement of debt and for services	200,000	10,000	-	-	-	10,000
Cost of share issuance - cash		(9,710)	-	-	-	(9,710)
Net loss and comprehensive loss for the year	-	-	-	-	(347,031)	(347,031)
Balance at July 31, 2012	**9,600,000**	**$ 520,290**	**$ -**	**$ -**	**$ (623,282)**	**$ (102,992)**
Net loss and comprehensive loss for the year	-	-	-	-	(73,675)	(73,675)
Balance at July 31, 2013	**9,600,000**	**$ 520,290**	**$ -**	**$ -**	**$ (696,957)**	**$ (176,667)**

(See accompanying notes to the consolidated financial statements.)

SONOMA CAPITAL INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended July 31,	**2013**	2012
Operating Activities		
Net loss	**$ (73,675)**	$ (347,031)
Adjustments for non-cash items:		
Loss on write down of note receivable	**-**	217,107
Common stock issued for services provided	**-**	5,000
Recovery of expenses	**-**	4,990
Changes in non-cash working capital items:		
Accounts receivable	**-**	(8,551)
Accounts payable and accrued liabilities	**73,641**	62,553
	(34)	(65,932)
Financing Activities		
Issuance of share capital, net of issue costs	**-**	270,290
	-	270,290
Investing Activities		
Loans provided to investee	**-**	(205,000)
	-	(205,000)
Net decrease in cash during the period	**(34)**	(642)
Cash – beginning of the year	**34**	676
Cash – end of the year	**$ -**	$ 34

(See accompanying notes to the consolidated 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 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.

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 77 King Street West, Suite 3000, Toronto, Ontario M5K 1H1.

During the year ended July 31, 2013, the Company incurred a loss of $73,675 (2012 - $347,031) and, as of that date, the Company had accumulated deficit of $696,957 (2012 - $623,282), a working capital deficiency of $176,667 (2012 - $103,026) and negative cash flows from operations of $34 (2012 - $65,932). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's continuing ability to meet its obligations as they come due is dependent upon continued financial support from related parties (Note 6) and its ability to raise additional funds through the issuance of shares or debt.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

2. Basis of Preparation

2.1 Statement of compliance

The Company's Consolidated Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended July 31, 2013.

The consolidated financial statements of the Company for the year ended July 31, 2013 were approved and authorized for issue by the Board of Directors on November 27, 2013.

2.2 Basis of presentation

The audited consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

2. Basis of Preparation (continued)

2.3 Adoption of new and revised standards and interpretation

At the date of authorization of these Financial Statements, the International Accounting Standards Board ("IASB") and the International Financial Reporting Issues Committee ("IFRIC") has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- IFRS 9 *'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, 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 other 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 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.
- IAS 1 '*Presentation of Financial Statements'* - effective for annual periods beginning on or after January 1, 2013, the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 19 '*Employee Benefits*' - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

2. Basis of Preparation (continued)

2.3 Adoption of new and revised standards and interpretation (continued)

- IAS 28 '*Investments in Associates and Joint Ventures'* - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 32 '*Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

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.

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

b) Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency.

c) 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.

d) 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.

3. Summary of significant accounting policies (continued)

d) Financial instruments (continued)

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. The Company has not classified any financial liabilities as fair value through the profit and loss.

e) 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.

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.

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 the fair value of the options granted 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.

3. Summary of significant accounting policies (continued)

e) Income taxes (continued)

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) Share based payments

The Company operates a stock option plan as part of its compensation of directors, officers, employees, or consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase in stock-based compensation expense and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase in capital stock. In the event that the vested stock options expire, previously recognized stock-based compensation is not reversed. In the event that stock options are forfeited, previously recognized stock-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments are based on the fair value of the goods or services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the good or services.

g) 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.

h) 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.

3. Summary of significant accounting policies (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding, if any, that may add to the total number of common shares. If the number of common shares outstanding increases or decreases as a result of share split or consolidation, the calculation of basic and diluted loss per share for all periods presented, is adjusted retrospectively.

j) 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 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 at July 31, 2012, the Company had 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.

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

As at July 31, 2012, the Company determined that the loan to Caldera will likely not be recovered and as such, has recorded a write down of the loan and interest receivable to $nil.

(Expressed in Canadian Dollars)

5. Share capital

Unlimited common shares authorized, issued and outstanding as follows:

	Number of Shares	Amount
August 1, 2011	3,800,000	240,000
Shares issued under private placement (i)	5,600,000	280,000
Shares issued for settlement of debt and services provided (ii)	200,000	10,000
Cost of share issuance		(9,710)
July 31, 2012 and 2013	9,600,000	$ 520,290

(i) 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.

(ii) 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 Foundation Opportunities Inc. ("FOI") for payment of $5,000 in consulting services provided, valued at $0.05 per common share.

6. Related party transactions

Cavalry Corporate Solutions Limited ("Cavalry") is related as a result of having officers and directors in common with the Company. Foundation Opportunities Inc. ("FOI") is related because it controls Cavalry.

On August 2, 2011, the Company settled a promissory note due to a director and shareholder of the Company in the amount of $5,000 through the issuance of 100,000 shares of common stock (note 5).

During the year ended July 31, 2013, Cavalry provided $67,800 (2012 - $68,515) of financial accounting and consulting services. Also, during the year ended July 31, 2013, FOI invoiced the Company $nil (2012 - $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.

Included in accounts payable and accrued liabilities as at July 31, 2013 is $137,972 (July 31, 2012 - $62,975) in amounts due to related parties.

7. 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 July 31, 2013, the Company had $nil (July 31, 2012 - $34) in cash and current liabilities of $176,667 (July 31, 2012 - $103,026), 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. 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.

9. 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 and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments

10. 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 Company is susceptible to liquidity risk due to the negative working capital. 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.

(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. The Company is not exposed to any significant credit risk.

(Expressed in Canadian Dollars)

11. Income taxes

(a) Income tax expenses

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

		2013		2012
Loss before income taxes	**$**	**(73,675)**	$	(347,031)
Statutory rate		**26.50%**		27.33%
Expected income tax recovery		**(19,500)**		(94,800)
Non-deductible expenses and other		**1,400**		200
Change in rates		**1,100**		5,600
Change in deferred tax assets not recognized		**17,000**		89,000
Income tax expense	**$**	**-**	$	-

(b) Future income taxes

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

		2013		2012
Non-capital loss carry forwards	**$**	**135,000**	$	112,000
Capital loss carry forwards		**27,000**		27,000
Share issuance costs		**1,000**		2,000
Net future tax asset		**163,000**		141,000
Less: deferred tax assets not recognized		**(163,000)**		(141,000)
	$	**-**	$	-

The Company has determined that the realization of a future tax asset is not probable and therefore the future tax asset has not been recorded.

(Expressed in Canadian Dollars)

11. Income taxes, (continued)

(c) Loss and tax credit carryforwards

As at July 31, 2013 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:

2027	$ 81,700
2028	23,400
2029	4,000
2030	55,600
2031	57,600
2032	240,400
2033	75,600
	$ 538,300

As at July 31, 2013 the Company also has capital losses which do not expire in the amount of $217,107 that are available to reduce future capital gains.