SustainCo Inc. (formerly Bellair Ventures Inc.)

Condensed Consolidated Interim Financial Statements

For the three and nine months ended May 31, 2013 and 2012

(Unaudited)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed an audit or review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	May 31, 2013	August 31, 2012
Assets		
Current assets		
Cash	$ 333,183	$ 1,383,371
Accounts receivable, net of allowance of $85,108	16,538,788	1,317,330
Unbilled receivables	1,223,862	-
Inventories *(note 6)*	1,085,746	102,943
Income tax recoverable	230,916	-
Note receivable *(note 5)*	-	500,000
Prepaid expenses	128,544	70,763
	19,541,039	3,374,407
Long-term holdbacks receivable	1,874,805	-
Property and equipment *(note 7)*	2,725,740	68,768
Goodwill and unallocated purchase price *(note 8)*	15,724,596	4,935,003
	$ 39,866,180	$ 8,378,178
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	$ 18,077,087	$ 831,786
Deferred revenue	4,433,528	-
Due to related party *(note 10)*	1,525,511	1,142,714
Current portion of loans payable *(note 14)*	69,218	-
Short-term loans payable *(note 16)*	487,500	-
Current portion of finance lease obligation *(note 12)*	41,461	4,266
	24,634,305	1,978,766
Long-term holdbacks payable	371,911	-
Loans payable *(note 14)*	81,710	-
Term notes *(note 15)*	700,000	-
Long-term due to related party *(note 10)*	1,000,000	-
Finance lease obligation *(note 12)*	101,804	-
Deferred income taxes	890,000	-
	27,779,730	1,978,766
Shareholders' equity		
Share capital *(note 9)*	14,188,904	7,901,791
Contributed surplus	1,508,850	242,103
Deficit	(3,611,304)	(1,744,482)
	12,086,450	6,399,412
	$ 39,866,180	$ 8,378,178

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

Approved on behalf of the Board

Signed: *"Emlyn J. David"*

Director

Signed: *"Michael Galloro"*

Director

Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended May 31, 2013	Three months ended May 31, 2012	Nine months ended May 31, 2013	Nine months ended May 31, 2012
Sales	**$ 17,718,372**	$ -	**$ 32,240,568**	$ -
Cost of sales	**16,055,247**	-	**27,787,345**	-
Gross margin	**1,663,125**	-	**4,453,223**	-
General and administrative *(note 13)*	**1,972,400**	53,354	**4,248,885**	137,629
Share-based payments	**1,018,770**	-	**1,192,575**	-
Transaction costs *(note 4)*	**-**	-	**226,613**	-
Depreciation	**61,977**	-	**124,924**	-
	3,053,147	53,354	**5,792,997**	137,629
Income (loss) before finance expense and income taxes	**(1,390,022)**	(53,354)	**(1,339,774)**	(137,629)
Finance expense	**211,091**	-	**437,048**	-
Deferred income taxes	**50,000**	-	**90,000**	-
Net loss and comprehensive loss for the period	**$ (1,651,113)**	$ (53,354)	**$ (1,866,822)**	$ (137,629)
Net loss per share - basic and diluted	**$ (0.06)**	$ (0.04)	**$ (0.08)**	$ (0.10)
Weighted Average shares outstanding	**29,440,217**	1,356,600	**24,837,954**	1,356,600

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

Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Total
Balance, August 31, 2011	$ 773,977	$ 116,340	$ (805,418)	$ 84,899
Net loss for the period	-	-	(137,629)	(137,629)
Balance, May 31, 2012	$ 773,977	$ 116,340	$ (943,047)	$ (52,730)
Balance, August 31, 2012	$ 7,901,791	$ 242,103	$ (1,744,482)	$ 6,399,412
Shares issued for Urban Mechanical	5,278,419	-	-	5,278,419
Private placement, net of issuance costs	1,008,694	74,172	-	1,082,866
Share-based payments	-	1,192,575	-	1,192,575
Net loss for the period	-	-	(1,866,822)	(1,866,822)
Balance, May 31, 2013	**$ 14,188,904**	**$ 1,508,850**	**$ (3,611,304)**	**$ 12,086,450**

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

Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended May 31, 2013	Three months ended May 31, 2012	Nine months ended May 31, 2013	Nine months ended May 31, 2012
Cash flow from operating activities				
Net loss for the period	**$ (1,651,113)**	$ (53,354)	**$ (1,866,822)**	$ (137,629)
Add (deduct) items not involving cash				
Depreciation (including depreciation within cost of sales)	**147,760**	-	**300,637**	-
Deferred income taxes	**50,000**	-	**90,000**	-
Share-based payments	**1,018,770**	-	**1,192,575**	-
Change in non-cash working capital	**740,206**	12,489	**(1,363,970)**	60,707
	305,623	(40,865)	**(1,647,580)**	(76,922)
Cash flow from financing activities				
Private placement, net of issuance costs *(note 9)*	**-**	-	**1,082,866**	-
Issuance of short-term notes payable	**487,500**	-	**487,500**	-
Issuance of term notes	**700,000**	-	**700,000**	-
Bank indebtedness, net	**-**	-	**(943,737)**	-
Repayment of loans payable	**(511,451)**	-	**(564,625)**	-
Proceeds (repayment) of finance leases, net	**(14,774)**	-	**72,574**	-
	661,275	-	**834,578**	-
Cash flow from investing activities				
Investment in property and equipment	**(66,454)**	-	**(237,186)**	-
Increase (decrease) in cash	**900,444**	(40,865)	**(1,050,188)**	(76,922)
Cash (Bank indebtedness), beginning of period	**(567,261)**	316,752	**1,383,371**	352,809
Cash, end of period	**$ 333,183**	$ 275,887	**$ 333,183**	$ 275,887

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

1. Nature of Operations

SustainCo Inc. (formerly Bellair Ventures Inc.), (the "Company" or "SustainCo"), was incorporated under the *Canada Business Corporation Act* on August 22, 2008. The address of the Company's corporate office is 151 Bloor Street West, Suite 1100, Toronto, Ontario, Canada. The Company is listed on the TSX Venture Exchange Inc. (the "TSX-V" or the "Exchange") under the trading symbol "SMS".

SustainCo conducts its operations through two wholly owned subsidiaries, Clean Energy Developments Corp. ("CleanEnergy") and Urban Mechanical Contracting Ltd. ("Urban Mechanical" or "Urban").

CleanEnergy is a Canadian industry leading geoexchange company that provides heating and cooling solutions for residential and commercial buildings using energy from the earth. It provides a complete energy solution and is able to provide engineering and design, geo installation, equipment and control systems as well as manage the complete project.

Urban Mechanical is a leading mid-tier mechanical contractor which, together with predecessor businesses, has a history spanning more than 45 years in low-rise residential, high-rise residential and industrial commercial institutional ("ICI") installations in Ontario, Canada. With over 140 employees, Urban Mechanical has become an industry leader in design, Leadership in Energy and Environmental Design (LEED®) certified buildings, job site safety and risk management.

2. Basis of Presentation

Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2012, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 29, 2013.

Basis of measurement and functional currency

The condensed consolidated interim financial statements are prepared on the historical cost basis. The accompanying condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The condensed consolidated interim financial statements are presented in Canadian dollars, the Company's functional currency.

Principles of consolidation

The Company consolidates its interest in entities which it controls. Control comprises the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. All intercompany balances and transactions have been eliminated.

3. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended August 31, 2012.

4. Acquisitions

CleanEnergy

On July 26, 2012, the Company completed its qualifying transaction by acquiring all of the issued and outstanding shares of Clean Energy Developments Corp. for $5 million in consideration satisfied by the issuance of 10,000,000 of the Company's common shares. In addition, working capital of CleanEnergy in excess of $nil on closing will be paid for in cash by SustainCo.

The purchase consideration was as follows:

Purchase price to vendors - 10,000,000 shares @ $0.50 per share	$ 5,000,000
Payment for working capital in excess of $nil	998,738
Total purchase price	**$ 5,998,738**

The total payment for working capital in excess of $nil has not yet been finalized and may be subject to change. The allocation of the purchase price to the identifiable assets acquired and liabilities assumed is based upon estimated fair values at the date of acquisition as set out below:

Cash	$ (128,172)
Accounts receivable	1,207,179
Inventories	136,636
Restricted cash	107,284
Prepaid expenses	42,862
Property, plant and equipment	69,801
Accounts payable and accrued liabilities	(297,589)
Deferred revenue	(69,463)
Finance lease obligations	(4,803)
Identified net assets acquired	**$ 1,063,735**

Identified net assets acquired	$ (1,063,735)
Consideration paid	5,998,738
Net goodwill and unallocated purchase price	**$ 4,935,003**

The estimated purchase price and purchase price allocation remains subject to the completion of the determination of fair value of the working capital, equipment, intangible assets, goodwill, deferred tax, and consequential adjustments. The majority of the excess purchase price is expected to be allocated to goodwill.

4. Acquisitions – continued

Urban Mechanical

On December 5, 2012 the Company completed the acquisition of all of the issued and outstanding shares of Urban Mechanical pursuant to the terms and conditions of a share purchase agreement for a purchase price equal to $10,000,000 less all outstanding long term debt of Urban Mechanical as at closing of the Acquisition.

On closing, Urban Mechanical had $1,721,581 of long term debt outstanding. The purchase price was satisfied by the Company through the issuance of 9,597,125 common shares of the Company at an issue price of $0.55 per share, the payment of $500,000 in cash, payable within 90 days after closing and the assignment to the Vendor by the Company of a $500,000 term loan previously advanced by the Company to Urban Mechanical (Note 5).

The purchase consideration was as follows:

Shares	$ 9,000,000
Less: Long-term debt assumed	(1,721,581)
Less: Reduction of share for working capital below $3,000,000	(2,000,000)
Total share consideration - 9,597,125 shares @ $0.55 per share	5,278,419
Cash (payable within 90 days of closing)	500,000
Assignment of note payable	500,000
Total purchase price	**$ 6,278,419**

The allocation of the purchase price to the identifiable assets acquired and liabilities assumed is based upon estimated fair values at the date of acquisition as set out below:

Accounts receivable	$ 13,445,035
Inventories	810,544
Income taxes recoverable	241,500
Prepaid expenses	247,166
Property, plant and equipment	2,720,423
Bank indebtedness	(943,737)
Accounts payable and accrued liabilities	(16,365,902)
Loans payable - related party	(1,770,121)
Deferred revenue	(1,314,104)
Finance lease obligations	(66,424)
Loans payable	(715,553)
Deferred income taxes	(800,000)
Identified net liabilities acquired	**$ (4,511,173)**

Identified net liabilities acquired	$ 4,511,173
Consideration paid	6,278,419
Net goodwill and unallocated purchase price	**$10,789,592**

4. Acquisitions – continued

Urban Mechanical – continued

Transaction costs of $226,613 incurred during the period relate to this acquisition.

Up to an additional 3,636,363 common shares of the Company will be issued in satisfaction of the balance of the purchase price. These shares were not issued at closing but will be issued on the date that is one year following the closing of the transaction to ensure the Vendor's performance of certain obligations under the Agreement, and shall be subject to adjustment in certain events.

The estimated purchase price and purchase price allocation remains subject to the completion of the determination of fair value of the working capital, equipment, intangible assets, goodwill, deferred tax, and consequential adjustments.

5. Note Receivable

Urban Mechanical note receivable

On August 31, 2012, the Company advanced $500,000 to Urban Mechanical prior to the acquisition. The term loan is repayable on demand at any time after 6 months following the date of advance and is subject to interest charged at a rate of 10% per annum. The amount advanced is subject to a security interest granted over all of the personal property of Urban Mechanical.

This note receivable was assigned to the vendor of Urban Mechanical upon acquisition on December 5, 2012 and is now classified as due to a related party. Refer to Note 4 and 10 for additional details.

6. Inventories

The Company maintains inventory, which consist of raw materials, equipment and spare parts for sale or for use.

7. Property and Equipment

	Computer equipment	Job equipment	Vehicles	Office furniture & equipment	Leasehold improvements	Total
Cost						
At August 31, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Additions	19,282	11,075	-	40,710	-	71,067
At August 31, 2012	**19,282**	**11,075**	**-**	**40,710**	**-**	**71,067**
Additions from acquisition	409,522	2,004,664	695,208	216,013	1,561,922	4,887,329
Additions	63,049	146,725	-	9,674	24,199	243,647
Disposals	-	(5,462)	(1,000)	-	-	(6,462)
At May 31, 2013	**$ 491,853**	**$ 2,157,002**	**$ 694,208**	**$ 266,397**	**$ 1,586,121**	**$ 5,195,581**
Depreciation						
At August 31, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Expense for the year	1,140	336	-	823	-	2,299
At August 31, 2012	**1,140**	**336**	**-**	**823**	**-**	**2,299**
Additions from acquisition	256,234	751,169	465,941	149,250	544,312	2,166,906
Expense for the period	39,319	147,669	31,938	13,874	67,836	300,636
At May 31, 2013	**$ 296,693**	**$ 899,174**	**$ 497,879**	**$ 163,947**	**$ 612,148**	**$ 2,469,841**
Net book value						
At August 31, 2012	$ 18,142	$ 10,739	$ -	$ 39,887	$ -	$ 68,768
At May 31, 2013	$ 195,160	$ 1,257,828	$ 196,329	$ 102,450	$ 973,973	$ 2,725,740

The Company leases vehicles, job equipment, and office furniture and equipment under finance leases and records these as property and equipment. At May 31, 2013, the carrying value of assets under finance leases included in property and equipment is $281,276.

8. Goodwill and Unallocated Purchase Price

As described in Note 4, the Company completed the acquisition of CleanEnergy and Urban Mechanical. As the Company is still finalizing its valuations, there is an unallocated amount of $4,935,003 on the purchase price allocation for CleanEnergy and $10,789,592 on the purchase price allocation for Urban Mechanical.

9. Share Capital

(a) Authorized

An unlimited number of common shares

(b) Issued

	Number of shares		Amount
Issued as at August 31, 2011 & May 31, 2012	1,956,600	$	773,977
Issued as at August 31, 2012	17,308,600	$	7,901,791
Shares issued for Urban Mechanical acquisition	9,597,125		5,278,419
Private placement, net of issuance costs	2,534,492		1,008,694
Issued as at May 31, 2013	**29,440,217**	**$**	**14,188,904**

Urban Mechanical acquisition

On December 5, 2012, the Company issued 9,597,125 shares as part of the consideration for the acquisition of Urban Mechanical (refer to Note 4 for further details).

Private placement

On January 15, 2013, the Company completed a brokered private placement of 2,534,492 units of the Company (each, a Unit) at a purchase price of $0.50 per Unit, for gross proceeds of $1,267,246, less share issuance costs of $258,552 (including $74,172 of non-cash agent options).

Each Unit is comprised of: one common share of the Company (a "Common Share"), and one Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase one Common Share at an exercise price of $0.75 for a period of 24 months following the closing.

(c) Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options granted can be exercised for a maximum of 5 years and vest as determined by the Board of Directors. The exercise price of each option may not be less than the discounted fair market value of the common shares on the date of grant.

9. Share Capital – continued

(c) Stock options – continued

The option details of the Company are as follows:

	Number of Options	Weighted average exercise price	Weighted average remaining life (years)	Vested
Outstanding, August 31, 2012	170,440	$0.50	0.49	170,440
Granted during the period:	500,000	$0.50	3.26	500,000
	500,000	$0.55	2.75	125,000
	1,400,000	$0.68	4.84	1,400,000
Outstanding, May 31, 2013	**2,570,440**	**$0.61**	**3.84**	**2,195,440**

During the period, the Company granted 500,000 options at an exercise price of $0.50 per share as disclosed during the qualifying transaction. The options are exercisable for a period of four years and vest immediately. The value of the options of $172,700 was recorded as an addition to contributed surplus and share-based payment expense during the period.

The Company also granted 500,000 options at an exercise price of $0.55 per share in February 2013. The options are exercisable for a period of three years and will vest in four equal installments every three months over a period of one year. $100,618 was recorded as an addition to contributed surplus and share-based payment expense during the period related to these options.

An additional 1,400,000 options were granted at an exercise price of $0.68 per share in April 2013. The options are exercisable for a period of five years and vest immediately. The value of the options of $919,257 was recorded as an addition to contributed surplus and share-based payment expense during the period.

The Company uses the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

Volatility	100%
Risk-free interest rate	1.03% to 1.29%
Expected life (years)	3 to 5 years
Dividend yield	Nil
Forfeiture rate	0%
Share price	$0.50 to $0.85
Fair value of option	$0.35 to $0.66

9. Share Capital – continued

(d) Warrants

	Number of warrants	Weighted average exercise price	Weighted average remaining life
Outstanding, August 31, 2012	4,788,000	$0.75	1.15
Issued during private placement	2,534,492	$0.75	1.63
Outstanding, May 31, 2013	**7,322,492**	**$0.75**	**1.32**

As part of the private placement that closed during the period, the Company issued 2,534,492 warrants, exercisable for a period of two years at $0.75 per warrant for one common share of the Company.

(e) Agent options

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Outstanding, August 31, 2012	478,800	$0.50	1.15
Issued during private placement	202,759	$0.50	1.63
Outstanding, May 31, 2013	**681,559**	**$0.50**	**1.29**

Each agent option is exercisable at $0.50 for one common share and one warrant of the Company. Each warrant received from the exercise of the agent option will be exercisable at $0.75 for one common share of the Company.

As part of the private placement during the period, the agent was issued 202,759 broker warrants (also referred to here as agent options) at an exercise price of $0.50 per broker warrant. Each broker warrant is comprised of (a) one Common Share; and (b) one Common Share purchase warrant, which shall entitle the agent to purchase one Common Share at an exercise price of $0.75 per Common Share for a period of 24 months from date of Closing, subject to adjustment in certain events. The broker warrants were valued at $74,172 and were recorded as an addition to contributed surplus.

The value of the broker warrants issued during the period was estimated using the Black-Scholes option pricing model, based on the following assumptions: volatility of 100%; risk-free interest rate of 1.18%; current stock price of $0.63; dividend yield of nil; forfeiture rate of nil; and expected life of 2 years.

10. Related Party Balances and Transactions

(a) A corporation that holds significant influence over the Company was owed approximately $388,226 as at May 31, 2013 (August 31, 2012 - $1,142,714) as a result of the qualifying transaction. These amounts are non-interest bearing and due on demand.

(b) During the nine months ended May 31, 2013, rent of $152,196 was paid to a company controlled by a beneficial owner that holds significant influence over the Company. In addition, rent of $4,496 was paid to a company controlled by an officer of the Company.

(c) A promissory note of $1,000,000 (August 31, 2012 - $nil) was owed to a corporation controlled by an officer and director of the Company. The promissory note bears interest at 9% per annum. Interest of $33,678 was paid during the period (2012 - $nil).

(d) A promissory note of $500,000 (2012 - $nil) was owed to a beneficial owner that holds significant influence over the Company as part of the Urban Mechanical acquisition, bearing interest of 10% per annum. $24,384 of interest was paid during the period (2012 - $nil). An additional $500,000 non-interest bearing amount was owed to the same beneficial owner, with payment due upon demand.

(e) A loan payable totalling $92,883 from a corporation controlled by a beneficial owner that holds significant influence over the Company was owed at May 31, 2013. The loan is repayable in equal monthly principal payments of $9,608 plus interest at 5.75% per annum. The loan matures on October 15, 2016.

(f) A corporation controlled by an officer and director of the Company made a payment of $44,354 to a vendor on behalf of the Company. This amount remains payable by the Company at May 31, 2013.

11. Financial Instruments and Risk Management

Capital management

The Company's capital currently consists of debt and equity. Its principal sources of cash are from operations, the issuance of common shares and debt. The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence.

The Company intends to maintain a flexible capital structure consistent with the objectives mentioned above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, raise secured debt or refinance existing debt with different characteristics.

Financial instrument risk exposure and management

Liquidity risk

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations.

The carrying value of accounts receivable, accounts payable and accrued liabilities reflected in the statement of financial position approximates fair value because of the short-term nature of these instruments.

Credit risk

The Company’s cash is held at chartered Canadian financial institutions. Management reviews the strength of these institutions on a regular basis.

Accounts receivable subject the Company to credit risk. The Company believes the remaining amounts will be collected.

Accounts receivable aging		**May 31, 2013**		**August 31, 2012**
Within 30	$	6,932,307	$	618,207
31 to 60		5,166,567		174,231
61 to 90		524,168		47,779
Over 90		1,029,378		477,113
Holdbacks		2,886,368		-
Long-term holdbacks		1,874,805		-
Total accounts receivable	**$**	**18,413,593**	**$**	**1,317,330**

The maximum exposure is limited to the carrying amount of financial assets on the statement of financial position that includes cash and accounts receivable.

Foreign exchange risk

The Company purchases a portion of its inventory in United States dollars (“USD”) and does not currently engage in hedging activities. Accordingly, the Company is exposed to foreign exchange risk on a portion of its accounts payable and accrued liabilities and its USD bank account balances. However, the foreign exchange exposure to the Company at this time is not significant.

12. Finance Lease Obligations and Commitments

Future minimum payments under finance leases, along with the balance of the obligations under finance leases are as follows:

		May 31, 2013		August 31, 2012
Not later than one year	$	53,653	$	4,509
Later than one year but not later than 5 years		112,769		-
		166,422		4,509
Less amounts representing interest		(23,157)		(243)
Present value of obligations under finance lease	**$**	**143,265**	**$**	**4,266**
Current portion		41,463		4,266
Long-term portion		101,802		-
Present value of obligations under finance lease	**$**	**143,265**	**$**	**4,266**

The obligations are secured by the equipment and vehicles.

The Company is committed to the rental of facilities, certain vehicles and certain office equipment. Future minimum lease payments are as follows:

2014	$	366,996
2015		364,065
2016		362,600
2017		33,189
2018		274,368
	$	1,401,218

13. General and Administrative Expense

		May 31, 2013		May 31, 2012
Salaries and wages	$	2,401,240	$	-
Office expense		1,176,244		1,024
Professional fees		337,271		113,442
Travel		137,297		-
Advertising & promotion		69,996		-
Filing fees		33,201		23,163
Consulting fees		93,636		-
	$	**4,248,885**	**$**	**137,629**

14. Loans Payable

The Company has a number of vehicle loans secured by the purchased vehicle. These loans bear interest at rates between 2.99% to 15% per annum and are repayable in monthly blended payments.

15. Term notes

The Company issued secured term notes for gross proceeds of $700,000 during the period. The term notes bear interest at 12% per annum, paid monthly, and mature 5 years from the date of issuance. The maturity dates range from March to April, 2018.

16. Short-term loans payable

The Company issued $487,500 in short-term loans on May 7, 2013, repayable in full plus $12,500 of interest on June 15, 2013. Subsequent to the period, these loans were repaid.

17. Contingent Liabilities

The Company is involved in a number of claims in the capacity of plaintiff as well as defendant. The Company or its insurer, where applicable, has filed defenses where the Company has been named defendant. In the opinion of management, the resolution of claims against the Company for an amount differing from the amount reflected in the records will not result in a material effect on the financial position of the Company.

18. Segmented Information

The Company has three segments as follows:

Nine months ended May 31, 2013	Corporate	Geoexchange services	Mechanical contracting	**Total**
Capital expenditures	$ -	$ 11,945	$ 225,241	**$ 237,186**
Total assets	513,359	7,027,878	32,340,335	**39,881,572**
Statement of operations				
Revenue	-	3,125,117	29,115,451	**32,240,568**
Cost of sales	-	(2,488,850)	(25,298,495)	**(27,787,345)**
General and administrative	(606,273)	(1,063,771)	(2,578,841)	**(4,248,885)**
Share-based payments	(1,192,575)	-	-	**(1,192,575)**
Transaction costs	(226,613)	-	-	**(226,613)**
Depreciation	-	(17,628)	(107,296)	**(124,924)**
Finance expense	(46,044)	(22,982)	(368,022)	**(437,048)**
Deferred income tax	-	-	(90,000)	**(90,000)**
Segmented (loss) income	$ (2,071,505)	$ (468,114)	$ 672,797	**$ (1,866,822)**

18. Segmented Information – continued

Three months ended May 31, 2013	Corporate	Geoexchange services	Mechanical contracting	**Total**
Capital expenditures	$ -	$ 950	$ 65,504	**$ 66,454**
Total assets	513,359	7,027,878	32,340,335	**39,881,572**
Statement of operations				
Revenue	-	1,008,499	16,709,873	**17,718,372**
Cost of sales	-	(920,884)	(15,134,363)	**(16,055,247)**
General and administrative	(165,704)	(446,756)	(1,359,940)	**(1,972,400)**
Share-based payments	(1,018,770)	-	-	**(1,018,770)**
Depreciation	-	(5,838)	(56,139)	**(61,977)**
Finance expense	(45,969)	(12,627)	(152,495)	**(211,091)**
Deferred income tax	-	-	(50,000)	**(50,000)**
Segmented (loss) income	$ (1,230,443)	$ (377,606)	$ (43,064)	**$ (1,651,113)**

The Company did not have any reportable segments in the prior period.

Revenue generated from major customers was as follows:

	Three months ended May 31,		**Nine months ended May 31,**	
	2013	2012	**2013**	2012
Largest customer	**40%**	N/A	**38%**	N/A
Second largest customer	**38%**	N/A	**35%**	N/A
Third largest customer	**6%**	N/A	**7%**	N/A