DEPLOY TECHNOLOGIES INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

31 July 2012 and 2011

(Expressed in U.S. Dollars)

JAMES STAFFORD

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deploy Technologies Inc.

We have audited the accompanying financial statements of Deploy Technologies Inc. (the "Company") which comprise the statements of financial position as at 31 July 2012, 31 July 2011 and 1 August 2010 and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years ended 31 July 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 July 2012, 31 July 2011 and 1 August 2010 and the results of its operations and its cash flows for the years ended 31 July 2012 and 2011 in accordance with International Financial Reporting Standards as issued by IASB.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that raises substantial doubt about the ability of the Company to continue as a going concern.

Chartered Accountants

Vancouver, Canada
19 November 2012

Deploy Technologies Inc. Statement 1

(A Development Stage Company)

Statements of Financial Position

(U.S. Dollars)

ASSETS		As at 31 July 2012		As at 31 July 2011		As at 1 August 2010
				(Note 16)		(Note 16)
Current						
Cash and cash equivalents	$	2,682	$	38,484	$	1,991
Amounts receivable		31,680		1,004		-
Prepaid expenses		3,156		3,156		1,618
Available-for-sale securities *(Note 5)*		1		1		1
		37,519		42,645		3,610
Property, plant and equipment *(Note 6)*		94,508		73,202		22,795
Fleet management technology *(Note 7)*		30,000		30,000		30,000
	$	162,027	$	145,847	$	56,405
LIABILITIES						
Current						
Trade payables and accrued liabilities	$	133,159	$	17,233	$	22,226
Due to related parties *(Note 8)*		177,769		92,925		19,367
Loans payable *(Note 9)*		-		-		52,076
		310,928		110,158		93,669
Loans payable *(Note 9)*		51,781		58,497		-
		362,709		168,655		93,669
SHAREHOLDERS' DEFICIENCY						
Share Capital - *Statement 3* *(Note 10)*						
Authorized:						
100,000,000 Common Shares – Par Value $0.0001						
2,900,000 Class A Preferred Shares – No Par Value						
Issued and Outstanding:						
22,220,209 (31 July 2011 – 44,638,769; 1 August 2010 – 40,638,399) Common Shares		2,220		4,462		4,063
2,900,000 (31 July 2011 – Nil; 1 August 2010 – Nil) Preferred Shares		2,900		-		-
Contributed Surplus		3,273,162		2,091,216		1,691,578
Shares to be Issued *(Note 10)*		2,560		80,560		-
Foreign Currency Translation Reserve		(49,571)		(41,967)		-
Deficit		(3,431,953)		(2,157,079)		(1,732,905)
		(200,682)		(22,808)		(37,264)
	$	162,027	$	145,847	$	56,405

Nature and Continuance of Operations *(Note 1)* and **Subsequent Event** *(Note 15)*

Approved and authorized for issue by the Board on November 19, 2012

ON BEHALF OF THE BOARD:

/s/ David Eppert , Director

/s/ Andre Thompson , Director

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

Deploy Technologies Inc.

(A Development Stage Company)

Statement 2

Statements of Loss and Comprehensive Loss

(U.S. Dollars)

	Year Ended 31 July	
	2012	2011
		(Note 16)
General and Administrative Expenses		
Accounting and legal *(Note 8)*	$ 161,067	$ 52,418
Consulting fees *(Notes 8,10 and 13)*	420,072	218,253
Depreciation and amortization *(Note 6)*	28,540	13,745
Management fees *(Notes 8,10 and 13)*	212,396	73,054
Office and miscellaneous	137,415	114,479
Loss Before Other Items	(959,490)	(471,949)
Other Items		
Foreign exchange, net	12,482	44,894
Loss on settlement of liabilities *(Notes 10 and 13)*	(359,328)	-
Other Income	31,448	2,854
Interest Income	14	27
Loss for the Year	$ (1,274,874)	$ (424,174)
Other Comprehensive Loss		
Foreign currency translation adjustment	(7,604)	(41,967)
Comprehensive Loss for the Year	$ (1,282,478)	$ (466,141)
Loss per Share - Basic and Fully Diluted	$ (0.051)	$ (0.010)
Comprehensive Loss per Share - Basic and Fully Diluted	$ (0.052)	$ (0.011)
Weighted Average Number of Shares Outstanding	24,900,085	41,914,420

Deploy Technologies Inc. <u>Statement 3</u>

(A Development Stage Company)

Statements of Changes in Shareholders' Deficiency

(U.S. Dollars)

	Share Capital								
	Common Shares		Class A Preferred Shares		Contributed Surplus	Shares to be Issued	Foreign Currency Translation Reserve	Deficit	Total
	Number	Amount	Number	Amount					
Balance – 1 August 2010 *(Note 16)*	40,638,399	$ 4,063	-	$ -	$ 1,691,578	$ -	$ -	$ (1,732,905)	$ (37,264)
Issuance of shares for:									
- Services rendered *(Notes 8, 10 and 13)*	1,370,370	136	-	-	136,901	-	-	-	137,037
- Cash *(Note 10)*	2,630,000	263	-	-	262,737	-	-	-	263,000
Share subscriptions received in advance *(Note 10)*	-	-	-	-	-	80,560	-	-	80,560
Foreign currency translation adjustment	-	-	-	-	-	-	(41,967)	-	(41,967)
Loss for the year	-	-	-	-	-	-	-	(424,174)	(424,174)
Balance – 31 July 2011 (*Note 16*)	44,638,769	4,462	-	-	2,091,216	80,560	(41,967)	(2,157,079)	(22,808)
Issuance of shares for:									
- Cash *(Note 10)*	3,948,500	395	-	-	429,805	(80,560)	-	-	349,640
- Services rendered *(Notes 8, 10 and 13)*	2,567,377	257	-	-	739,690	-	-	-	739,947
- Settlement of loan *(Notes 9, 10 and 13)*	65,563	6	-	-	12,451	-	-	-	12,457
Conversion of Common Shares to Class A Preferred Shares *(Note 10)*	(29,000,000)	(2,900)	2,900,000	2,900	-	-	-	-	-
Share subscriptions received in advance *(Note 10)*	-	-	-	-	-	2,560	-	-	2,560
Foreign currency translation adjustment	-	-	-	-	-	-	(7,604)	-	(7,604)
Loss for the year	-	-	-	-	-	-	-	(1,274,874)	(1,274,874)
Balance – 31 July 2012	22,220,209	$ 2,220	2,900,000	$ 2,900	$ 3,273,162	$ 2,560	$ (49,571)	$ (3,431,953)	$ (200,682)

Deploy Technologies Inc. Statement 4

(A Development Stage Company)

Statements of Cash Flows

(U.S. Dollars)

	Year Ended 31 July	
Cash Resources Provided By (Used In)	2012	2011 (Note 16)
Operating Activities		
Loss for the year	$ (1,274,874)	$ (424,174)
Items not affecting cash:		
Accrued interest *(Note 9)*	1,834	2,882
Depreciation *(Note 6)*	28,540	13,745
Loss of settlement of liabilities *(Note 10)*	359,328	
Shares issued for services *(Notes 8, 10 and 13)*	285,541	137,037
Write down of management fees	-	(17,540)
Foreign exchange	1,255	2,432
Amounts receivable	(30,676)	(1,004)
Prepaid expenses	-	(1,538)
Trade payables and accrued liabilities	125,926	(4,993)
Due to related parties	175,823	91,098
	(327,303)	(202,055)
Investing Activities		
Purchase of property, plant and equipment *(Note 6)*	(53,095)	(63,045)
Financing Activities		
Common shares issued for cash *(Note 10)*	349,640	263,000
Share subscriptions received in advance *(Note 10)*	2,560	80,560
	352,200	343,560
Effect of exchange rate changes on cash and cash equivalents	(7,604)	(41,967)
Net Increase (Decrease) in Cash and Cash Equivalents	(35,802)	36,493
Cash and cash equivalents – Beginning of year	38,484	1,991
Cash and Cash Equivalents - End of Year	$ 2,682	$ 38,484

Supplemental Disclosures with Respect to Cash Flows *(Note 13)*

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

1. Nature and Continuance of Operations

Deploy Technologies Inc. (the "Company") was originally incorporated on 5 November 1998 in the State of Delaware, USA, under the name Concept Development Group, Inc. In May 2004, the Company acquired 100% of Kaleidoscope Venture Capital, Inc. (formerly Vocalscape Networks, Inc.) ("Kaleidoscope") and changed its name to Vocalscape, Inc. In November 2005, the Company changed its name to Nevstar Precious Metals Inc. and in September 2008, the Company changed its name to Deploy Technologies Inc.

On 15 September 2010, the Company completed a merger with its newly incorporated and wholly-owned subsidiary, Deploy Acquisition Corp., a Nevada corporation, formed for the sole purpose of changing the Company's state of incorporation from the State of Delaware to the State of Nevada. Although Deploy Acquisition Corp. was the surviving corporation, upon the completion of the merger it assumed the name of the Company and all the assets, obligations and commitments of the Company. Concurrent with the merger, the authorized capital of the Company decreased to 100,000,000 common shares from 500,000,000 common shares.

The Company's Nevada Charter authorizes it to issued two classes of equity securities. Accordingly, on 29 September 2011, the Company increased its authorized capital to include 2,900,000 Class A Preferred Shares *(Note 10)*.

The Company is a development stage company. The Company is devoting all of its present efforts to the marketing and sale of its fleet management technology in order to generate revenue. The Company only recently commenced its planned principal operations, and, accordingly, it has generated no revenues to date.

The head office and principal address of the Company is 19011 – 1153 56th Street, Delta, BC, V4L 2A2.

At 31 July 2012, the Company had cash and cash equivalents of $2,682 (31 July 2011 – $38,484, 1 August 2010 - $1,991) and a working capital deficit of $273,409 (31 July 2011 – $67,513, 1 August 2010 - $90,059). The funds on hand at 31 July 2012 are not sufficient to meet the Company's planned corporate, administrative and development activities for the next 12 months. Additional financing will be required to meet the Company's obligations as they fall due. Because of this uncertainty, there is significant doubt about its ability to continue as a going concern.

These full annual financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the development stage, the Company has incurred operating losses since inception, is generating no revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its development activities. The Company's ability to continue as a going concern is dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in future.

If the going concern assumption were not appropriate for these full annual financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications on the statement of financial position used, and such adjustments would be material.

2. Basis of Preparation

a) Basis of Presentation

These full annual financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. These financial statements are presented in US dollars except where otherwise indicated.

b) Statement of Compliance

These full annual financial statements, have been prepared in accordance with and using accounting policies in full compliance with 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 31 July 2012.

c) Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRICs which are effective for the Company's financial year beginning on 1 August 2010. For the purpose of preparing and presenting these full annual financial statements, the Company has consistently adopted all these new standards for the years ended 31 July 2012 and 2011.

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 July 2012.

IFRS 9 "*Financial Instruments: Classification and Measurement*" is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

IFRS 12, *"Disclosure of Interests in Other Entities"* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.

IFRS 13, *"Fair Value Measurement"* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs.

IAS 1 (Amendment), *"Presentation of Financial Statements"* is effective for annual periods beginning on or after 1 July 2012 and includes amendments regarding presentation of items of other comprehensive income.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

b) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Automobile 4 years
- Tools and equipment 3-4 years
- Furniture and office equipment 5 years
- Website development 3 years

c) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents are included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in in this category of financial assets.

3. Summary of Significant Accounting Policies – *Continued*

c) Financial Assets – *Continued*

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset. Available-for-sale assets include short term investments in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

d) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

3. Summary of Significant Accounting Policies – *Continued*

e) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables, due to related parties and loans payable are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

f) De-recognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. Summary of Significant Accounting Policies – *Continued*

g) Impairment of Non-Financial Assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

h) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

i) Foreign Currencies

The Company's presentation currency is the U.S. dollar and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. All assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3. Summary of Significant Accounting Policies – *Continued*

i) Foreign Currencies – *Continued*

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

j) Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

k) Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

l) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current year’s presentation.

4. Fair Value of Financial Instruments

Categories of financial instruments

		As at 31 July 2012		As at 31 July 2011		As at 1 August 2010
FINANCIAL ASSETS						
FVTPL, at fair value						
Cash and cash equivalents	$	2,682	$	38,484	$	1,991
Loans and receivables, at amortized cost						
Amounts receivable		4,564		1,004		-
Available-for-sale, at fair value						
Kaleidoscope (5,694 common shares)		1		1		1
Total financial assets	$	7,247	$	39,489	$	1,992
FINANCIAL LIABILITIES						
Other liabilities, at amortized cost						
Trade payables		120,196		11,332		38,134
Due to related parties		177,769		92,925		19,367
Loans payable		51,781		58,497		52,076
	$	349,746	$	162,754	$	109,577

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the short term maturity of these instruments and the nature of the loans.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 31 July 2012, the Company does not have any Level 3 financial instruments.

4. Fair Value of Financial Instruments – *Continued*

As at 31 July 2012		Level 1		Total
Financial assets at fair value				
Cash and cash equivalents	$	2,682	$	2,682
Available-for-sale		1		1
Total financial assets at fair value	$	2,683	$	2,683

As at 31 July 2011		Level 1		Total
Financial assets at fair value				
Cash and cash equivalents	$	38,484	$	38,484
Available-for-sale		1		1
Total financial assets at fair value	$	38,485	$	38,485

As at 1 August 2010		Level 1		Total
Financial assets at fair value				
Cash and cash equivalents	$	1,991	$	1,991
Available-for-sale		1		1
Total financial assets at fair value	$	1,992	$	1,992

Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Company is not exposed to credit risk as it does not hold cash in excess of federally insured limits, with major financial institutions.

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 is exposed to liquidity risk as it has a working capital deficit of $273,409 as at 31 July 2012. However, the Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the term deposits is limited.

Currency risk

The Company is exposed to currency risk by incurring expenditures and holding assets denominated in currencies in the Canadian dollar. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

4. Fair Value of Financial Instruments – *Continued*

Other risks

The Company is not exposed to other risks unless otherwise noted.

5. Available-for-Sale Securities

	31 July 2012		31 July 2011		1 August 2010	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Kaleidoscope 5,694 (31 July 2011 – 5,694;1 August 2010 – 5,694) common shares	$ 1	$ 1	$ 1	$ 1	$ 1	$ 1

6. Property, Plant and Equipment

	Automobile	Tools and equipment	Furniture and office equipment	Website development costs	Total
Cost					
Balance, 1 August 2011	$ 27,468	$ 42,156	$ 7,146	$ 13,743	$ 90,513
Additions	1,994	42,272	8,829	-	53,095
Foreign exchange adjustment	(1,344)	(1,768)	(350)	(672)	(4,134)
Balance, 31 July 2012	$ 28,118	$ 82,660	$ 15,625	$ 13,071	$ 139,474
Accumulated depreciation					
Balance, 1 August 2011	$ 9,679	$ 2,639	$ 933	$ 4,060	$ 17,311
Depreciation	7,039	13,128	3,956	4,417	28,540
Foreign exchange adjustment	(474)	(110)	(44)	(257)	(885)
Balance, 31 July 2012	$ 16,244	$ 15,657	$ 4,845	$ 8,220	$ 44,966
Net book value, 31 July 2012	$ 11,874	$ 67,003	$ 10,780	$ 4,851	$ 94,508

	Automobile	Tools and equipment	Furniture and office equipment	Website development costs	Total
Cost					
Balance, 1 August 2010	$ 24,489	$ -	$ 972	$ -	$ 25,461
Additions	1,049	42,156	6,097	13,743	63,045
Foreign exchange adjustment	1,930	-	77	-	2,007
Balance, 31 July 2011	$ 27,468	$ 42,156	$ 7,146	$ 13,743	$ 90,513
Accumulated depreciation					
Balance, 1 August 2010	$ 2,612	$ -	$ 54	$ -	$ 2,666
Depreciation	6,465	2,548	837	3,895	13,745
Foreign exchange adjustment	602	91	42	165	900
Balance, 31 July 2011	$ 9,679	$ 2,639	$ 933	$ 4,060	$ 17,311
Net book value, 31 July 2011	$ 17,789	$ 39,517	$ 6,213	$ 9,683	$ 73,202

7. Fleet Management Technology

On 10 November 2008, the Company acquired fleet management technology from a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, in exchange for the issuance of 30,000,000 Common Shares of the Company valued at $30,000 *(Note 10 and Note 13)*. The technology is focusing on enabling organizations that use it to become more efficient, productive and profitable through the use of their fleet assets.

The fleet management technology was completed during the year ended 31 July 2012; however, no depreciation expense was recorded during the year ended 31 July 2012 as the technology has not been placed in use for the purpose of earning revenue.

8. Related Party Balances and Transactions

The key management personnel compensation for the years ended 31 July 2012 and 2011 is as follows:

	31 July 2012	31 July 2011
Accounting fees	24,943	14,646
Management and consulting fees	386,016	178,750
Total	$ 410,959	$ 193,396

Except as disclosed elsewhere in these full annual financial statements, related party transactions for the years ended 31 July 2012 and 2011 are as follows:

a) As at 31 July 2012, the amount due to related parties includes $91,100 (31 July 2011 - $47,844, 1 August 2010 - $1,827) payable to the Chief Executive Officer of the Company.

b) As at 31 July 2012, the amount due to related parties includes $86,669 (31 July 2011 - $18,871; 1 August 2010 - $Nil) payable to the Vice President of Operations of the Company.

c) As at 31 July 2012, the amount due to related parties includes $Nil (31 July 2011 - $26,210; 1 August 2010 - $Nil) payable to a company controlled by the Vice President of Corporate Development of the Company.

d) As at 31 July 2012, the amount due to related parties includes $Nil (31 July 2011 - $Nil; 1 August 2010 - $17,540) payable to a former director of the Company.

e) During the year ended 31 July 2012, management fees of $211,255 (2011 - $90,594) were paid/accrued to the Chief Executive Officer of the Company.

f) During the year ended 31 July 2012, consulting fees of $114,995 (2011 - $30,201) were paid/accrued to the Vice President of Operations of the Company.

g) During the year ended 31 July 2012, consulting fees of $59,766 (2011 - $75,495) were paid/accrued to a company controlled by the Vice President of Corporate Development of the Company.

h) During the year ended 31 July 2012, accounting fees of $Nil (2011 - $14,646) were paid/accrued to an accounting firm owned by the former Chief Financial Officer of the Company.

i) During the year ended 31 July 2012, accounting fees of $24,943 (2011 - $Nil) were paid/accrued to a director of the Company.

j) During the year ended 31 July 2012, the Company reversed the accrual of management fees of $Nil (2011 - $17,540) previously due to a former director of the Company.

8. Related Party Balances and Transactions – *Continued*

k) During the year ended 31 July 2012, the Company issued 1,368,515 (2011 – 470,370) Common Shares to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, valued at a total of $416,354 (2011 – $47,037). Of the total, $120,849 and $295,505 relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 10 and 13)*.

l) During the year ended 31 July 2012, the Company issued 598,862 Common Shares (2011 – 500,000) to a company controlled by the Vice President of Corporate Development of the Company, valued at a total of $173,593 (2011 - $50,000). Of the total $59,692 and $113,901 relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 10 and 13)*.

m) During the year ended 31 July 2012, the Company issued 100,000 Common Shares to a director of the Company valued at $13,000 related to accounting services rendered during the year ended 31 July 2012 *(Notes 10 and 13)*.

n) During the year ended 31 July 2012, the Company approved the exchange of 29,000,000 of its Common Shares for 2,900,000 of its newly authorized Class A Preferred Shares, as follows: 2,000,000 Common Shares owned by Force Options Inc., a private company owned by the Chief Executive Officer of the Company for 200,000 Class A Preferred Shares, and, 27,000,000 Common Shares owned by Trepped Enterprises Inc., a private company owned equally by the Chief Executive Officer of the Company and Vice President of Operations of the Company for 2,700,000 Class A Preferred Shares. The purpose of the exchange was to reduce the number of the Company's Common Shares classified as "builder's shares" by the Canadian National Stock Exchange and the British Columbia Securities Commission *(Note 10)*.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Loans Payable

	31 July 2012 $	31 July 2011 $	1 August 2010 $
On 1 August 2009, a third party issued a loan of CAD$1,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $997 (31 July 2011 - $1,048; 1 August 2010 - $972) and $149 (31 July 2011 - $105; 1 August 2010 - $48), respectively.	1,146	1,153	1,020
On 1 August 2009, a third party issued a loan of CAD$2,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $1,994 (31 July 2011 - $2,097; 1 August 2010 - $1,944) and $299 (31 July 2011 - $209; 1 August 2010 - $97), respectively.	2,293	2,306	2,041
On 19 November 2009, a third party issued a loan of CAD$3,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $2,991 (31 July 2011 - $3,145; 1 August 2010 - $2,915) and $403 (31 July 2011 - $267; 1 August 2010 - $101), respectively.	3,394	3,412	3,016
On 12 February 2010, a company controlled by the Vice President of Operations of the Company, issued a loan of CAD$15,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $14,957 (31 July 2011 - $15,726; 1 August 2010 - $14,576) and $1,950, (31 July 2011 - $1,244; 1 August 2010 - $347), respectively.	16,907	16,970	14,923
Subtotal	23,740	23,841	21,000

9. Loans Payable – *Continued*

	31 July 2012 $	31 July 2011 $	1 August 2010 $
Balance carried forward	23,740	23,841	21,000
On 28 February 2010, a third party issued a loan of CAD$7,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $6,980 (31 July 2011 - $7,339; 1 August 2010 - $6,803) and $844 (31 July 2011 - $521; 1 August 2010 - 143), respectively.	7,824	7,860	6,946
On 26 March 2010, a third party issued a loan of CAD$14,000 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $13,959 (31 July 2011 - $14,678; 1 August 2010 - $13,605) and $1,640 (31 July 2011 - $989; 1 August 2010 - $237), respectively.	15,599	15,667	13,842
On 11 July 2010, a company controlled by the Vice President of Operations of the Company, issued a loan of CAD$4,200. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the loan was extended to be repayable by 31 July 2014. The balance as at 31 July 2012 consists of principal and accrued interest of $4,188 (31 July 2011 - $4,403; 1 August 2010 - $4,082) and $430 (31 July 2011 - $232; 1 August 2010 - $11), respectively.	4,618	4,635	4,093
On 11 July 2010, a third party issued a loan of $5,200 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the Company issued 55,166 valued at $5,517 to settle the loan *(Notes 10 and 13)*. The balance as at 31 July 2012 consists of principal and accrued interest of $Nil (31 July 2011 - $5,200; 1 August 2010 - $5,200) and $Nil (31 July 2011 - $264; 1 August 2010 - $14), respectively.	-	5,464	5,214
Subtotal	51,781	57,467	51,095

9. Loans Payable – *Continued*

	31 July 2012 $	31 July 2011 $	1 August 2010 $
Balance carried forward	51,781	57,467	51,095
On 27 July 2010, a third party issued a loan of $980 to the Company. The loan is unsecured and bears interest at a rate of 5% per annum and is repayable by 31 July 2013. During the year ended 31 July 2012, the Company issued 10,397 for $1,040 to settle the loan *(Notes 10 and 13)*. The balance as at 31 July 2012 consists of principal and accrued interest of $Nil (31 July 2011 - $980; 1 August 2010 - $980) and $Nil (31 July 2011 - $50; 1 August 2010 - $1), respectively.	-	1,030	981
	51,781	58,497	52,076

10. Share Capital

The Company's authorized share capital comprises 100,000,000 Common Shares, with a $0.0001 par value per share, and 2,900,000 Class A Preferred Shares, with no par value per share. Each Class A Preferred Share entitles the holder to 10 votes each.

Each Class A Preferred Share provides holders a right to receive dividends, as and if declared by the Company's board of directors, with the amount of such dividend determined by multiplying the dividend per share by 10 and a right to receive distributions, whether or not in liquidation, with the amount of such distribution determined by multiplying the distribution per share by 10. Each Class A Preferred Share can also be converted into 10 Common Shares at the election of the Company or the holder any time after two years following the date of issuance.

Issued and outstanding

a) During the year ended 31 July 2012, the Company issued 1,368,515 Common Shares to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, valued at a total of $416,354. Of the total, $120,849 and $295,505 relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 8 and 13)*.

b) During the year ended 31 July 2012, the Company issued 598,862 Common Shares to a company controlled by the Vice President of Corporate Development of the Company, valued at a total of $173,593. Of the total $59,692 and $113,901 relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 8 and 13)*.

c) On 20 July 2012, the Company issued 100,000 Common Shares to a Director of the Company valued at $13,000 related to accounting services rendered during the year ended 31 July 2012 *(Notes 8 and 13)*.

d) On 20 July 2012, the Company issued 275,000 Common Shares valued at $35,750 for consulting services rendered during the year ended 31 July 2012 *(Note 13)*.

10. Share Capital – *Continued*

Issued and outstanding – *Continued*

e) On 15 May 2012, the Company issued 353,500 Common Shares for $0.20 per share for cash proceeds of $70,700.

f) On 20 February 2012, the Company issued 130,000 Common Shares for $0.10 per share for cash proceeds of $13,000.

g) On 14 November 2011, the Company issued 65,563 Common Shares valued at $12,457 to settle short-term loans valued at $6,556. A loss of $5,901 was recognized to settle the short-term loan *(Notes 9 and 13).*

h) On 14 November 2011, the Company issued 2,065,000 Common Shares for $0.10 per share for cash proceeds of $206,500.

i) On 29 September 2011, the Company approved the exchange of 29,000,000 of its Common Shares for 2,900,000 of its newly authorized Class A Preferred Shares, as follows: 2,000,000 Common Shares owned by Force Options Inc., a private company owned by the Chief Executive Officer of the Company for 200,000 Class A Preferred Shares, and, 27,000,000 Common Shares owned by Trepped Enterprises Inc., a private company owned equally by the Chief Executive Officer of the Company and Vice President of Operations of the Company for 2,700,000 Class A Preferred Shares. The purpose of the exchange was to reduce the number of the Company's Common Shares classified as "builder's shares" by the Canadian National Stock Exchange and the British Columbia Securities Commission *(Note 8)*.

j) On 30 August 2011, the Company issued 1,400,000 Common Shares for $0.10 per share for cash proceeds of $140,000.

k) On 30 August 2011, the Company issued 125,000 Common Shares valued at $56,250 for consulting services of $45,000 rendered during the year ended 31 July 2011, and consulting services of $11,250 rendered during the year ended 31 July 2012. A loss of $35,000 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Note 13)*.

l) On 30 August 2011, the Company issued 100,000 Common Shares valued at $45,000 for legal fees rendered during the year ended 31 July 2012 *(Note 13).*

m) On 20 April 2011, the Company issued 470,370 Common Shares to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, valued at $47,037 related to management and consulting services rendered during the year ended 31 July 2011 *(Note 13)*.

n) On 20 April 2011, the Company issued 500,000 Common Shares to a company controlled by the Vice President of Corporate Development of the Company valued at $50,000 related to consulting services rendered during the year ended 31 July 2011 *(Note 13)*.

o) On 20 April 2011, the Company issued 400,000 Common Shares valued at $40,000 for consulting services rendered during the year ended 31 July 2011 *(Note 13)*.

p) On 20 April 2011, the Company issued 1,635,000 Common Shares for $0.10 per share for cash proceeds of $163,500.

q) On 21 February 2011, the Company issued 995,000 Common Shares for $0.10 per share for cash proceeds of $99,500.

10. Share Capital – *Continued*

Issued and outstanding – *Continued*

r) On 11 July 2010, the Company issued 139,089 Common Shares valued at $13,909 to settle loans payable to business associates related to the Vice President of Operations of the Company *(Note 13).*

s) On 11 July 2010, the Company issued 343,218 Common Shares for $0.10 per share for cash proceeds of $34,322.

t) On 10 July 2010, the Company issued 4,041,613 Common Shares valued at $202,049 to the Chief Executive Officer of the Company and Vice President of Operations of the Company for management and consulting fees in the amounts of $112,932 and $89,117, respectively *(Note 13).*

u) On 10 July 2010, the Company issued 120,000 Common Shares valued at $6,000 to a former director and officer of the Company for management and consulting fees incurred in a prior year *(Note 13).*

v) On 2 February 2009, the Company issued 50,000 Common Shares for $0.05 per share for cash proceeds of $2,500.

w) On 10 December 2008, the Company approved the issuance of 5,382,666 Common Shares valued at $161,480 related to management and consulting fees *(Note 13),* share certificates for which were issued during the three month period ended 31 July 2009.

x) On 10 November 2008, the Company acquired fleet management technology from a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, by issuing 30,000,000 Common Shares valued at $30,000 *(Note 7 and Note 13)*.

y) On 20 September 2008, the Company completed a 1:100 reverse stock split and decreased its issued and outstanding share capital from 56,110,070 common shares to 561,813 Common Shares with the same par value of $0.0001 per share. Unless otherwise noted, all references herein to the number of Common Shares, price per Common Share or weighted average number of Common Shares outstanding have been adjusted to reflect this reverse stock split on a retroactive basis.

Share to be Issued

During the year ended 31 July 2012, the Company received $2,560 (31 July 2011 - $80,560; 1 August 2010 - $Nil) for the purchase of Common Shares. As of 31 July 2012, these shares had not yet been issued *(Note 15)*.

11. Income Taxes

a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2012	2011
Net loss for the year	$ 1,274,874	$ 424,174
Federal and state income tax rates	35%	35%
Expected income tax recovery	$ 446,206	$ 148,461
Permanent differences	(1,666)	(700)
Change in valuation allowance	(444,540)	(147,761)
Total income tax recovery	$ -	$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	As at 31 July 2012	As at 31 July 2011
Deferred income tax assets		
Net income tax operating loss carry forward	$ 2,042,825	$ 772,713
Statutory federal income tax rate	35%	35%
Effective income tax rate	0%	0%
Deferred income tax asset	714,989	270,449
Valuation allowance	(714,989)	(270,449)
Net future income tax assets	$ -	$ -

As at 31 July 2012, the Company has unused net operating losses for U.S. federal income tax purposes of approximately $2,042,825 that are available to offset future taxable income, which, if unutilized, will expire as follows:

2028	$ 82,726
2029	104,752
2030	163,060
2031	422,175
2032	1,270,112
Total	$ 2,042,825

12. Capital Disclosure

The capital structure of the Company consists of loans payable and equity attributable to common shareholders, comprised of issued capital, contributed surplus, shares to be issued, foreign currency translation reserve and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

There were no changes in the Company's approach to capital management during the year ended 31 July 2012 compared to the year ended 31 July 2011. The Company is not subject to externally imposed capital requirements.

13. Supplemental Disclosures with Respect to Cash Flows

	Year Ended 31 July	
	2012	2011
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

During the year ended 31 July 2012, the Company issued 1,368,515 Common Shares to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, valued at a total of $416,354. Of the total, $120,849 and $295,505 relate to management and consulting services rendered during the years ended 31 July 2012 and 2011, respectively. A loss of $229,837 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 8 and 10)*.

During the year ended 31 July 2012, the Company issued 598,862 Common Shares to a company controlled by the Vice President of Corporate Development of the Company, valued at a total of $173,593. Of the total $59,692 and $113,901 relate to consulting services rendered during the years ended 31 July 2012 and 31 July 2011, respectively. A loss of $88,590 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Notes 8 and 10)*.

On 20 July 2012, the Company issued 100,000 Common Shares to a Director of the Company valued at $13,000 related to accounting services rendered during the year ended 31 July 2012 *(Notes 8 and 10)*.

On 20 July 2012, the Company issued 275,000 Common Shares valued at $35,750 for consulting services rendered during the year ended 31 July 2012 *(Note 10)*.

On 14 November 2011, the Company issued 65,563 Common Shares valued at $12,457 to settle short-term loans valued at $6,556. A loss of $5,901 was recognized to settle the short-term loan *(Notes 9 and 10).*

On 30 August 2011, the Company issued 125,000 Common Shares valued at $56,250 for consulting services of $45,000 rendered during the year ended 31 July 2011, and consulting services of $11,250 rendered during the year ended 31 July 2012. A loss of $35,000 was recognized to settle the payable outstanding in relation to the services rendered during the year ended 31 July 2011 *(Note 10)*.

13. Supplemental Disclosures with Respect to Cash Flows – *Continued*

On 30 August 2011, the Company issued 100,000 Common Shares valued at $45,000 for legal fees rendered during the year ended 31 July 2012 *(Note 10).*

On 20 April 2011, the Company issued 470,370 Common Shares to a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, valued at a total of $47,037 related to management and consulting services rendered during the year ended 31 July 2011 *(Note 10)*.

On 20 April 2011, the Company issued 500,000 Common Shares to a company controlled by the Vice President of Corporate Development of the Company valued at $50,000 related to consulting services rendered during the year ended 31 July 2011 *(Note 10)*.

On 20 April 2011, the Company issued 400,000 Common Shares valued at $40,000 for consulting services rendered during the year ended 31 July 2011 *(Note 10)*.

On 11 July 2010, the Company issued 139,089 Common Shares valued at $13,909 to settle loans payable to business associates related to the Vice President of Operations of the Company *(Notes 10).*

On 10 July 2010, the Company issued 4,041,613 Common Shares valued at $202,049 to the Chief Executive Officer of the Company and Vice President of Operations of the Company for management and consulting fees in the amounts of $112,932 and $89,117, respectively *(Note 10).*

On 10 July 2010, the Company issued 120,000 Common Shares valued at $6,000 to a former director and officer of the Company for management and consulting fees incurred in a prior year *(Note 10).*

On 10 December 2008, the Company approved the issuance of 5,382,666 Common Shares valued at $161,480 related to management and consulting fees *(Note 10)*, share certificates for which were issued during the three month period ended 31 July 2009.

On 10 November 2008, the Company acquired fleet management technology from a company controlled by the Chief Executive Officer of the Company and Vice President of Operations of the Company, by issuing 30,000,000 Common Shares valued at $30,000 *(Note 7 and Note 10)*

14. Segmented Information

The Company conducts its business as a single operating segment in Canada. All property, plant and equipment and fleet management technology are situated in Canada.

15. Subsequent Event

The following event occurred during the period from the year ended 31 July 2012 to the date these full annual financial statements were available to be issued on 19 November 2012:

On 9 September 2012, the Company issued 110,000 units at a price of $0.20 per unit for total proceeds of $22,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.40 per share for a period of 12 months from the date of issuance. The Company received $2,560 of the total proceeds in advance during the year ended 31 July 2012 *(Note 10)*.

16. Transition to International Financial Reporting Standards

IFRS 1, *"First-time Adoption of International Financial Reporting Standards"* sets forth guidance for the initial adoption of IFRS. The accounting policies in Note 3 have been applied in preparing the annual financial statements for the year ended 31 July 2012. The financial statements for the year ended 31 July 2011 were prepared applying available standards under Canadian generally accepted accounting principles ("Canadian GAAP"). For the first-time adoption of IFRS, the comparative information for the year ended 31 July 2011 and the opening IFRS statement of financial position on 1 August 2010 (the "Transition Date") have been revised where appropriate to conform with IFRS using various exemptions and options available under IFRS 1.

a) IFRS Mandatory Exception

In accordance with IFRS 1, the Company's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP unless there is objective evidence that those estimates were in error. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

b) Functional currency and foreign currency translation

Under Canadian GAAP, the basis of measurement for foreign operations is dependent upon whether an operation is classified as integrated or self-sustaining. The measurement currency of a self-sustaining foreign operation is the foreign currency.

Under IFRS, IAS 21 *"The Effects of Changes in Foreign Exchange Rate"*, the concepts of integrated and self-sustaining are not included. Instead the functional currency of each individual entity must be considered. The financial statements are then translated from functional currency into the presentation currency. All assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss. On transition to IFRS, the Company has elected under the option available under the IFRS 1, cumulative translation difference exemption, and deemed the foreign currency translation adjustment at the transition date to be zero. The impact of this change was to reclassify the $9,179 cumulative translation loss from accumulated other comprehensive income (loss) to deficit at 1 August 2010.

c) Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile its equity, comprehensive loss and cash flows for prior periods. The adoption of IFRS has resulted in reclassification within equity on the statements of financial position; however, there have been no changes to the statements of loss and comprehensive loss and cash flows. Therefore, no reconciliations have been presented for the statements of loss and comprehensive loss and cash flows.

The reconciliations between the previously reported financial results under Canadian GAAP and the current reported financial results under IFRS are provided as follows:

i. Reconciliation of the statement of financial position as at 1 August 2010; and
ii. Reconciliation of the statement of financial position as at 31 July 2011.

16. Transition to International Financial Reporting Standards

c) Reconciliations of Canadian GAAP to IFRS – *Continued*

Reconciliation of Statement of Financial Position as at 1 August 2010 is as follows:

	Notes	Canadian GAAP	IFRS Adjustments	IFRS
ASSETS				
Current				
Cash and cash equivalents		$ 1,991	$ -	$ 1,991
Prepaid expenses		1,618	-	1,618
Available-for-sale securities		1	-	1
		3,610	-	3,610
Property, plant and equipment		22,795	-	22,795
Fleet management technology		30,000	-	30,000
		$ 56,405	$ -	$ 56,405
LIABILITIES				
Current				
Trade payables and accrued liabilities		$ 22,226	$ -	$ 22,226
Due to related parties		19,367	-	19,367
Loans payable		52,076	-	52,076
		93,669	-	93,669
SHAREHOLDERS' DEFICIENCY				
Share Capital				
Common Shares		4,063	-	4,063
Contributed Surplus		1,691,578	-	1,691,578
Foreign Currency Translation Reserve	16 b)	(9,179)	9,179	-
Deficit	16 b)	(1,723,726)	(9,179)	(1,732,905)
		(37,264)	-	(37,264)
		$ 56,405	$ -	$ 56,405

16. Transition to International Financial Reporting Standards

c) Reconciliations of Canadian GAAP to IFRS – *Continued*

Reconciliation of Statement of Financial Position as at 31 July 2011 is as follows:

	Notes	Canadian GAAP	IFRS Adjustments	IFRS
ASSETS				
Current				
Cash and cash equivalents		$ 38,484	$ -	$ 38,484
Amounts receivable		1,004		1,004
Prepaid expenses		3,156	-	3,156
Available-for-sale securities		1	-	1
		42,645	-	42,645
Property, plant and equipment		73,202	-	73,202
Fleet management technology		30,000	-	30,000
		$ 145,847	$ -	$ 145,847
LIABILITIES				
Current				
Trade payables and accrued liabilities		$ 17,233	$ -	$ 17,233
Due to related parties		92,925		92,925
		110,158	-	110,158
Loans payable		58,497	-	58,497
		$ 168,655	$ -	$ 168,655
SHAREHOLDERS' DEFICIENCY				
Share Capital				
Common Shares		4,462	-	4,462
Contributed Surplus		2,091,216	-	2,091,216
Shares to be Issued		80,560	-	80,560
Foreign Currency Translation Reserve	16 b)	(51,146)	9,179	(41,967)
Deficit	16 b)	(2,147,900)	(9,179)	(2,157,079)
		(22,808)	-	(22,808)
		$ 145,847	$ -	$ 145,847

17. Differences between IFRS and United States Generally Accepted Accounting Principles

IFRS vary in certain significant respects from the principles and practices generally accepted in the United States (“US GAAP”). The effect of the principal measurement differences on the Company’s financial statements is quantified below and described in the accompanying notes:

a) Under IFRS, the Company has elected under the option available under the IFRS 1, cumulative translation difference exemption, and deemed the foreign currency translation adjustment at the transition date to be zero. The impact of this change was to reclassify the $9,179 cumulative translation loss from accumulated other comprehensive income (loss) to deficit at 1 August 2010.

Under US GAAP, there is no option available that permits the reclassification of cumulative translation loss from accumulated comprehensive loss to deficit at 1 August 2010. The impact of this change was to reclassify the $9,179 cumulative translation loss from deficit to accumulated other comprehensive income (loss) at 1 August 2010.

17. Differences between IFRS and United States Generally Accepted Accounting Principles – *Continued*

b) Reconciliations of IFRS to US GAAP

Application of US GAAP would have affected shareholders' deficiency as at 31 July 2012, 31 July 2011 and 1 August 2010 to the extent, as follows:

Reconciliation of Shareholders' Deficiency as at 31 July 2012 is as follows:

	Note	IFRS	US GAAP Adjustments	US GAAP
Common Shares		$ 2,220	$ -	$ 2,220
Preferred Shares		2,900		2,900
Contributed Surplus		3,273,162	-	3,273,162
Shares to be Issued		2,560	-	2,560
Foreign Currency Translation Reserve	(a)	(49,571)	(9,179)	(58,750)
Deficit	(a)	(3,431,953)	9,179	(3,422,774)
		$ (200,682)	$ -	$ (200,682)

Reconciliation of Shareholders' Deficiency as at 31 July 2011 is as follows:

	Note	IFRS	US GAAP Adjustments	US GAAP
Common Shares		$ 4,462	$ -	$ 4,462
Preferred Shares		-	-	-
Contributed Surplus		2,091,216	-	2,091,216
Shares to be Issued		80,560	-	80,560
Foreign Currency Translation Reserve	17(a)	(41,967)	(9,179)	(51,146)
Deficit	17(a)	(2,157,079)	9,179	(2,147,900)
		$ (22,808)	$ -	$ (22,808)

Reconciliation of Shareholders' Deficiency as at 1 August 2010 is as follows:

	Note	IFRS	US GAAP Adjustments	US GAAP
Common Shares		$ 4,063	$ -	$ 4,063
Preferred Shares		-	-	-
Contributed Surplus		1,691,578	-	1,691,578
Foreign Currency Translation Reserve	17(a)	-	(9,179)	(9,179)
Deficit	17(a)	(1,732,905)	9,179	(1,723,726)
		$ (37,264)	$ -	$ (37,264)

c) Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2012-02, "*Intangibles – Goodwill and Other*". This ASU will allow an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Under ASU No. 2012-02, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on qualitative assessment, that it is not more likely than not, the indefinite-lived intangible asset is impaired. This includes a number of events and circumstances for an entity to consider in conducting the qualitative assessment. ASU No. 2012-02 is effective for fiscal years beginning after 15 September 2012. The adoption of this update will not have a material effect on the Company's financial statements.

c) Recent Accounting Pronouncements – *Continued*

In December 2011, FASB issued Accounting Standards Update ASU No. 2011-12, "*Comprehensive Income*". This ASU effectively defers the changes in ASU No. 2011-05, "*Presentation of Comprehensive Income*" that relate to the presentation of reclassification adjustments out of accumulated other comprehensive income. ASU No. 2011-12 should be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after 15 December 2011. As ASU No. 2011-12 relates only to the presentation of comprehensive income, the adoption of this update will not have a material effect on the Company's financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "*Presentation of Comprehensive Income*". This ASU presents an entity with the option to present the total of comprehensive income, the components of net income, and the component of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity (deficiency). The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU No. 2011-05 should be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after 15 December 2011. As ASU No. 2011-05 relates only to the presentation of comprehensive income, the adoption of this update will not have a material effect on the Company's financial statements.

In May 2011, the FASB issued ASU No. 2011-04, "*Fair Value Measurement*" to amend the accounting and disclosure requirements on fair value measurements. This ASU limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, this update expands the disclosure on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. ASU No. 2011-04 is to be applied prospectively and is effective during interim and annual periods beginning after 15 December 2011. The adoption of this update will not have a material effect on the Company's financial statements.