LYNNWOOD CAPITAL INC.

(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE THREE MONTHS ENDED MAY 31, 2011

(Unaudited- Prepared by Management)

LYNNWOOD CAPITAL INC

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed 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 a review of these condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

LYNNWOOD CAPITAL INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT

ASSETS	May 31, 2011	February 28, 2011	March 1, 2010
Current			
Cash	$ 395,318	$ 401,879	$ 344,967
HST receivable	7,323	6,760	-
	402,641	408,639	344,967
Deferred financing costs	-	-	5,000
	$ 402,641	$ 408,639	$ 349,967

LIABILITIES AND SHAREHOLDERS' EQUITY

	May 31, 2011	February 28, 2011	March 1, 2010
Current			
Accounts payable and accrued liabilities	$ 11,000	$ 17,282	$ 16,000
Shareholders' equity			
Share capital (Note 4)	518,141	511,091	350,000
Reserves	76,988	79,038	-
Deficit	(203,488)	(198,772)	(16,033)
	391,641	391,357	333,967
	$ 402,641	$ 408,639	$ 349,967

Continuance of operations (Note 2)

On behalf of the Board:

"Robert Lipsett"

Robert Lipsett, CEO & Director

"George Brazier"

George Brazier, Director

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

LYNNWOOD CAPITAL INC.
CONDENSED INTERIM STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 31, 2011

	Three Months Ended May 31 2011	2010
	$	$
EXPENSES		
Accounting and audit	-	1,000
Filing and transfer agent fees	534	6,696
Legal	-	-
Office and administration	282	545
Rent	3,750	-
Stock-based compensation	-	-
Telephone	150	-
Travel and promotion	-	-
	(4,716)	(8,241)
Loss and comprehensive loss for the period	(4,716)	(8,241)
Deficit, beginning of period	(198,772)	(16,033)
Deficit, end of period	(203,488)	(24,274)
Basic and diluted loss per common share	(0.00)	-
Weighted average number of common shares outstanding	2,031,319	-

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

LYNNWOOD CAPITAL INC.
CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 31, 2011

	Share Capital				
	Shares	Amount	Reserves	Deficit	Total
		$	$	$	$
Balance, as at February 28, 2010	7,000,000	350,000	-	(16,033)	333,967
Shares issued for cash	200,000	10,000	-	-	10,000
Net loss and comprehensive loss for the period	-	-	-	(8,241)	(8,241)
Balance, as at May 31, 2010	7,200,000	360,000	-	(24,274)	335,726
Shares issued for cash pursuant to initial public offering at a price of $0.10 per share	2,000,000	200,000	-	-	200,000
Share issue costs	-	(40,708)	-	-	(40,708)
Agent's options	-	(8,201)	8,201	-	-
Stock-based compensation	-	-	70,837	-	70,837
Net loss and comprehensive loss for the period	-	-	-	(174,498)	(174,498)
Balance, as at February 28, 2011	9,200,000	511,091	79,038	(198,772)	391,357
Shares issued for cash at a price of $0.10 per share	50,000	5,000	-	-	5,000
Agent's options exercised	-	2,050	(2,050)	-	-
Net loss and comprehensive loss for the period	-	-	-	(4,716)	(4,716)
Balance, as at May 31, 2011	9,250,000	518,141	76,988	(203,488)	391,641

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

LYNNWOOD CAPITAL INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 31, 2011

	Three Months Ended May 31	
	2011	**2010**
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(4,716)	(8,241)
Items not affecting cash		
Stock-based compensation	-	-
	(4,716)	(8,241)
Changes in non-cash working capital items:		
HST receivable	(563)	(358)
Prepaid	-	-
Decrease in accounts payable and accrued liabilities	(6,282)	(2,000)
Net cash used in operating activities	(11,561)	(10,599)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	5,000	10,000
Deferred financing costs	-	-
Net cash provided by financing activities	5,000	10,000
Change in cash for the period	(6,561)	(599)
Cash, beginning of period	401,879	344,967
Cash, end of period	395,318	344,368
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

There were no significant non-cash financing or investing activities during the period from March 1, 2011 to May 31, 2011

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

1. INCORPORATION

The Company was incorporated under the Business Corporations Act (British Columbia) on September 28, 2009 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company's primary office is located at 2060-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1T7. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

2. CONTINUANCE OF OPERATIONS

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These financial statements were authorized by the Audit Committee of the Board of Directors on July 22, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The disclosures required by the provisions of IFRS 1, "First-time adoption of International Financial Reporting Standards", explaining how the transition to IFRS has affected the reported financial performance, cash flows and financial position of the Company, are presented in Note 8.

These unaudited condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies described below have been applied consistently to all periods presented in these unaudited condensed interim financial statements. They have also been applied in preparing an opening IFRS balance sheet as March 1, 2010 for the purposes of the transition to IFRS as required by IFRS 1.

The unaudited condensed interim financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company on February 28, 2012, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended February 28, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basis of presentation

These unaudited condensed interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These unaudited condensed interim financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Cash

Cash includes cash on hand with a Canadian chartered bank.
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Stock based compensation

The Company accounts for stock based compensation granted to directors and third parties using the fair value method of accounting. Accordingly, the fair value of the options is determined using the Black Scholes option pricing model, and stock based compensation is accrued and charged to operations, with an offsetting credit to reserves, on a straight line basis over the vesting periods. The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service and non-market vesting conditions are net. If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculations. The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period. Outstanding options were not included in the computation of diluted loss per share as they are anti-dilutive.

Included in share capital are 2,200,000 common shares outstanding as of May 31, 2011 which are contingently cancellable and have been excluded from the weighted average number of shares outstanding.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recorded in the financial statements if realization is considered probable.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Deferred financing costs
These costs relate directly to the proposed issuance of shares by the Company pursuant to the initial public offering described in Note 4. Upon completion of the initial public offering, the costs were charged against capital stock.

Use of estimates

The preparation of financial statements in conformity with IFRS principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates made include valuation of stock based compensation.

Financial instruments

All financial instruments are measured based on the classification adopted for the financial instrument: fair value through profit and loss ("FVTPL"), held to maturity, loans and receivables, available for sale or other liability.

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL which are initially measured at fair value.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

• Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
• Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
• Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC but are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

(b) IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
(c) IFRS 11 Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

(d) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(e) IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

4. SHARE CAPITAL

	Number of Shares		Amount
Authorized			
Unlimited common shares, without par value			
Common shares issued			
Shares issued for cash	7,000,000	$	350,000
Balance, as at February 28, 2010	7,000,000	$	350,000
Share issued for cash	200,000		10,000
Initial public offering	2,000,000		200,000
Share issue costs	-		(40,708)
Agent's options	-		(8,201)
Balance, as at February 28,, 2011	9,200,000	$	511,091
Share issued for cash	50,000		5,000
Agent's options exercised	-		2,050
Balance, as at May 31, 2011	9,250,000	$	518,141

The Company issued 7,000,000 seed common shares during the period ended February 28, 2010 and an additional 200,000 common shares during the year ended February 28, 2011 at a price of $0.05 per share for total proceeds of $360,000. The 7,200,000 common shares will be held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

Initial public offering ("IPO")

On June 30, 2010, the Company completed its IPO and issued 2,000,000 common shares at a price of $0.10 per common share for total proceeds of $200,000. Pursuant to an engagement letter between the Company and Bolder Investment Partners Ltd. (the "Agent"), the Agent received a cash commission of $20,000, a work fee of $10,000 plus taxes, reimbursement of its expenses and legal fees of $10,708, and was issued non-transferable Agent's options to acquire up to 200,000 common shares at $0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V. The agent's options were valued at $8,201 using the Black-Scholes option pricing model (using a risk-free interest rate of 1.00%, an expected life of 2 years, annualized volatility of 75% and a dividend rate of 0%).

Stock options

The Company intends to adopt a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

4. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

On June 30, 2010, the Company granted, at the closing of its IPO, 900,000 stock options to directors and officers. Each option is exercisable into one common share of the Company at a price of $0.10 per share for ten years from the date of grant.

Stock option transactions are summarized as follows:

	Number Of Options		Weighted Average Exercise Price
Balance, September 28, 2009, February 28, 2010 and 2011	-	$	-
Incentive options granted	900,000		0.10
Agent's options granted	200,000		0.10
Agent's options exercised	(50,000)		0.10
Balance, May 31, 2011	1,050,000	$	0.10
Number of options exercisable May 31, 2011	1,050,000	$	0.10

As at May 31, 2011, the following stock options are outstanding:

	Number Of Options	Exercise Price	Expiry Date
Incentive stock options	900,000	$ 0.10	June 30, 2020
Agent's options	150,000	$ 0.10	June 30, 2012

Stock-based compensation

The Company granted 400,000 stock options during the year ended February 28, 2011 resulting in stock-based compensation expense, using the Black-Scholes option-pricing model, of $70,837. The weighted average fair value of the stock options granted was $0.08 per option.

The following assumptions were used for the Black-Scholes valuation of stock options granted:

Risk-free interest rate:	2.00%
Expected life of options:	10 years
Annualized volatility:	75%
Dividend rate:	0%

5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

6. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2011, the Company had a cash balance of $395,318 to settle current liabilities of $11,000. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of May 31, 2011, the Company has no interest bearing term deposits.

(b) Foreign currency risk

The Company does not have assets or liabilities in foreign currency.

6. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. RELATED PARTY TRANSACTIONS

During the year ended February 28, 2011, the Company paid or accrued accounting fees of $7,600 (2010 - $Nil) to an accounting firm of which an Officer of the Company is a partner. As of May 31, 2011, $3,000 in accounts payable and accrued liabilities was due to the accounting firm. The transaction was in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. CONVERSION TO IFRS

As stated in Significant Accounting Policies note 3, these are the Company's first unaudited condensed interim financial statements prepared in accordance with IFRS as issued by the IASB. The policies set out in the Significant Accounting Policies section have been applied in preparing the financial statements for the three months ended May 31, 2011 and 2010 and in the preparation of the opening IFRS statement of financial position on March 1, 2010 the "Transition Date".

First-time adoption of IFRS

The Company did not use the exemptions listed in IFRS 1. As management had anticipated, given the business of the Company as a Capital Pool Company and given the limited number of transactions that the Company has entered into since incorporation, the impact on the adoption of IFRS had no impact on the Company's financial position, financial
performance and cash flows. Specifically, the main areas of accounting focus for the Company to date have been, and will continue to be prior to the completion of a Qualifying Transaction, the issuance of share capital, the recording of share based payments and the recording of cash transactions for which there are very few or no significant differences between IFRS and Canadian GAAP.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available for early adoption on February 28, 2012, the Company's first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

8. CONVERSION TO IFRS (cont'd…)

Transition date unaudited condensed statement of financial position

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited condensed interim statements of financial position in these financial statements. The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the unaudited interim statement of financial position as at the transition date of March 1, 2010 and at February 28, 2011, and on the statements of loss and comprehensive loss, changes is equity and cash flows for the year ended February 28, 2011.

Reconciliation of equity

The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the Company's equity as at March 1, 2010 and February 28, 2011.

Reconciliation of comprehensive loss and equity

The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the comprehensive loss and changes in equity for the year- ended February 28, 2011.

Reconciliation of cash flow

The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the cash flow for the year-ended February 28, 2011.

Presentation

Certain amounts on the unaudited condensed statement of financial position, statement of loss and comprehensive loss and statement of cash flows have been reclassified to conform to the presentation adopted under IFRS.