QMI SEISMIC INC.

Condensed Interim Financial Statements

Three Months Ended March 31, 2011

Expressed in Canadian dollars

(Unaudited)

QMI SEISMIC INC.

Condensed interim statements of financial position

(Unaudited - in Canadian dollars)

	Notes	March 31, 2011	December 31, 2010	January 1, 2010
		$	$ (Note 10)	$ (Note 10)
ASSETS				
Non-current assets				
Licenses	4,9	-	1	-
Other receivable	4	1	1	-
		1	2	-
Current assets				
Cash		40,236	73,843	1
Other receivable		1,971	3,590	-
		42,207	77,433	1
Total assets		42,208	77,435	1
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		16,440	34,368	4,000
Due to related parties	6	33,017	20,628	-
		49,457	54,996	4,000
EQUITY (DEFICIENCY)				
Share capital	5	629,639	629,639	1
Reserves		458,407	458,407	-
Deficit		(1,095,295)	(1,065,607)	(4,000)
		(7,249)	22,439	(3,999)
Total equity (deficiency) and liabilities		42,208	77,435	1

They are signed on behalf of the Company by:

/s/ Navchand Jagpal
Director

/s/Thomas Kennedy
Director

See accompanying notes to financial statements

QMI SEISMIC INC.

Condensed interim statements of comprehensive loss

(Unaudited - in Canadian dollars)

	Notes	Three months ended March 31, 2011	2010
Expenses		$	$
Consulting		19,740	1,450
Filing fees		557	21,000
Office and administration		5,590	180
Professional fees		3,800	361
Results from operating activities		(29,687)	(22,991)
Loss from asset write off	9	(1)	-
Loss and comprehensive loss for the period		(29,688)	(22,991)
Loss per share – basic and diluted		(0.00)	(0.00)
Weighted average number of outstanding common shares –basic and diluted		23,483,372	16,606,518

See accompanying notes to financial statements

QMI SEISMIC INC.
Condensed interim statements of changes in equity (deficiency)
(Unaudited – in Canadian Dollars)

	Notes		Share capital			Reserves			
		Number of shares	Amount	Subscription receivable	Subscriptions received in advance	Stock-option reserve	Warrant reserve	Deficit	Total
			$	$	$	$	$	$	$
Restated balance, January 1, 2010		1	1	-	-	-	-	(4,000)	(3,999)
Loss and comprehensive loss for the period		-	-	-	-	-	-	(22,991)	(22,991)
Transactions with owners in their capacity as owners and other:									
Share cancellation		(1)	(1)	-	-	-	-	-	(1)
Shares issued for acquisition of license		17,583,372	1	-	-	-	-	-	1
Share subscriptions received in advance		-	-	-	100,000	-	-	-	100,000
Restated balance, March 31, 2010		17,583,372	1	-	100,000	-	-	(26,991)	73,010
Restated balance, January 1, 2011		23,608,372	654,639	(25,000)	-	418,545	39,862	(1,065,607)	22,439
Loss and comprehensive loss for the period		-	-	-	-	-	-	(29,688)	(29,688)
Transactions with owners in their capacity as owners and other:									
Write-off of subscription receivable		-	(5,000)	5,000	-	-	-	-	-
Restated balance, March 31, 2011		23,608,372	649,639	(20,000)	-	418,545	39,862	(1,095,295)	(7,249)

See accompanying notes to financial statements

QMI SEISMIC INC.

Condensed interim statements of cash flows

(Unaudited - In Canadian Dollars)

	Three months ended March 31,	
	2011	2010
	$	$
Cash flows from operating activities		
Loss from operations	(29,688)	(22,991)
Items not involving cash		
- Loss from assets write off	1	-
Changes in non-cash working capital items:		
- other receivable	1,619	(1,187)
- accounts payable and accrued liabilities	(17,928)	24,020
	(45,996)	(158)
Cash flows from financing activities		
Capital stock issuance (cancellation)	-	(1)
Due to related parties	12,389	-
Share subscription received in advance	-	100,000
	12,389	99,999
Net cash inflow (outflow)	(33,607)	99,841
Cash, beginning of period	73,843	1
Cash, end of period	40,236	99,842
Non-cash transaction:		
Issuance of 17,583,372 shares for the acquisition of licenses	-	1

See accompanying notes to financial statements

1. BASIS OF PRESENTATION

QMI Seismic Inc. (the "Company") was incorporated under the *Business Corporation Act* (British Columbia) on October 16, 2009. While the Company's principal activity is the development of the distribution licenses of seismic sensors, the Company is actively reviewing other new business opportunities.

Pursuant to an agreement dated July 2010, the Company entered into an agreement (the "Acquisition Agreement") to acquire 100% of QMI Technologies ("Qtech") from QMI Manufacturing Inc. ("Qmanu") in exchange for 20,400,001 common shares of the Company. The Company never assumed operations of Qtech and this agreement was subsequently unwound. Accordingly the assets, liabilities and operations of Qtech have not been included in the financial statements of the Company (Note 4).

These condensed interim financial statements have been prepared on a going-concern basis which assumes that the Company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. These condensed interim 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 business.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The financial statements were authorized for issue on June 29, 2011 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2010. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 10.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (Continued)

Significant accounting judgments and estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have significant effects on the amounts recognized in the interim financial statements is included in the note 3 (a), financial instruments.

Significant areas requiring the use of management estimates relate to carrying values of the other receivable and licenses, future income tax rates and the valuation of stock-based awards. The reported amounts and note disclosures are determined by using management's best estimates based on assumptions that reflect the most probable set of economic conditions. Actual results may materially differ from those estimates.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss -This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in net loss.

Loans and receivables -These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value plus any directly attributable transaction costs, and measured subsequently at amortized cost using effective interest method, less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company designates other receivable as loan and receivables financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments (Continued)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in net loss. The Company does not have held-to-maturity investments.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net loss. The Company does not have available-for-sales financial assets.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in net loss. The Company does not have financial liabilities in this category.

Other financial liabilities: This category includes due to related parties, accounts payables and accrued liabilities, all of which are recognized at amortized cost.

c) Impairment of intangible assets

Finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment of intangible assets (Continued)

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

d) Share-based payments

The Company has a stock option plan (the Plan") which provides that the Board of Directors of the Company may grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan can have a maximum exercise term of 5 years from the date of grant.

The Company uses the Black-Scholes option pricing model to measure the fair value of the stock options granted.

The fair value of the options is measured at grant dates. Each tranche of the options granted is recognized on a graded-vesting basis over the period during which the options are vested as expenses with a corresponding increase in the account of reserve, an equity account. Upon exercise, the fair value of share purchase options or specified warrants is allocated from the reserve account to share capital.

e) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Since the Company's stock options and warrants are anti-dilutive, diluted loss per share is equivalent to basic loss per share.

f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, which is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) New accounting standards and interpretations not yet adopted

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10, Consolidated Financial Statements (“IFRS 10”), IFRS 11, Joint Arrangements (“IFRS 11”), IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”), IAS 27, Separate Financial Statements (“IAS 27”), IFRS 13, Fair Value Measurement (“IFRS 13”) and amended IAS 28, Investments in Associates and Joint Ventures (“IAS 28”). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) New accounting standards and interpretations not yet adopted (Continued)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13

4. ACQUISITION AGREEMENT & CONTINGENCY

In July 2010, the Company entered into an agreement (the "Acquisition Agreement") to acquire 100% of Qtech from Qmanu in exchange for 20,400,001 common shares of the Company.

On March 31, 2011, the Company and Qmanu cancelled the Acquisition Agreement. As a result, Qmanu returned 20,400,401 common shares to the Company's treasury for cancellation. The Company was unable to obtain control of Qtech and the terms of the Acquisition Agreement were not met. The Acquisition Agreement was voided and the 20,400,001 common shares of the Company were deemed not issued in 2010.

As at December 31, 2010, the Company had a balance owing of $521,210 due from Qtech. On March 31, 2011, the Company agreed to convert the $521,210 balance owing into a $400,000 promissory note and the balance settled in consideration for distribution rights of Qtech products (the "Distribution License") (Note 8). The note bears interest at 2% per annum, compounds monthly, and is due and payable in three installments: $50,000 principal on March 31, 2012, $50,000 principal on March 31, 2013, and $300,000 principal and accrued interest on March 31, 2014. The note is secured by a general security agreement over the assets of Qtech. Due to the uncertainty with of collectability of the note, the Company has recorded a loan loss provision of $521,209 at December 31, 2010.

There is a legal matter arise in connection with the Acquisition Agreement. It is management's opinion that a liability arising from this legal matter is not probable. As a result, no accrual has been made.

5. CAPITAL AND RESERVES

(a) Authorized share capital

At March 31, 2011, the authorized share capital comprised an unlimited number of common shares and unlimited number of preferred shares without par value.

5. CAPITAL AND RESERVES (Continued)

(b) Details of private placement issues of common shares in 2010 and 2011 are as follows:

In April 2010, the Company issued 2,000,000 units at a price of $0.05 per unit for proceeds of $100,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase, for a period of two years, an additional common share at a price of $0.07. The fair value of the warrants at the date of issue was $22,690.

In August 2010, the Company issued 1,000,000 units at a price of $0.05 per unit for proceeds of $50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase, for a period of two years, an additional common share at a price of $0.07. The fair value of the warrants at the date of issue was $17, 172.

On November 26, 2010, the Company issued 3,025,000 common shares at $0.20 per common share for proceeds of $544,500, net of a finder's fee of $60,500 ("November Private Placement"). The Company had $25,000 and $20,000 share subscription receivable in connection with the November Private Placement on December 31, 2010 and March 31, 2011 respectively. Subsequent to the quarter ended March 31, 2011, the outstanding $20,000 subscription receivable has been collected.

During the three months ended March 31, 2011, the Company did not have private placement for the first quarter ended March 31, 2011.

(c) Share purchase options

On November 18, 2010, the Company issued 2,100,000 options pursuant to a consulting agreement for a period of five years whereby the consultant will manage the Company's affairs and assist in attracting investment and finding strategic financial partners. The options are exercisable at $0.20, are fully vested upon grant and are exercisable for a period of five years. The grant date fair value of the options was $418,545.

As at March 31, 2011, the number of options outstanding and exercisable was 2,100,000 with an exercise price of $0.20.

On April 20, 2011, all of the 2,100,000 stock options were cancelled.

(d) Share purchase warrants

There was no share purchase warrants issued or exercised during the three months ended March 31, 2011. As at March 31, 2011, the Company had 3,000,000 common share purchase warrants outstanding, with an average exercise price of $0.07 and an average remaining life of 1.17 years.

6. RELATED PARTY TRANSACTIONS

a) Management transactions

The aggregate value of transactions and outstanding balances relating to key management and entities over which they have controlled or significant influences are as follows:

For the three months ended March 31, 2011

	Consulting/ accounting fees	Post-employment benefits	Share-based payments	Total
	$	**$**	**$**	**$**
Chief Executive Officer	15,000	n/a	n/a	15,000
Chief Financial Officer	800	n/a	n/a	800

For the three months ended March 31, 2010

	Consulting/ accounting fees	Post-employment benefits	Share-based payments	Total
	$	**$**	**$**	**$**
Chief Executive Officer	nil	n/a	n/a	nil
Chief Financial Officer	nil	n/a	n/a	nil

b) Other related party transactions

During the three months ended March 31, 2011, the Company was charged $3,750 (2010 - $nil) by A&A Progress Development Ltd., a company controlled by a director, for office rent and utilities.

c) Balance with related parties

Balances with Related Parties

	Nature	March 31, 2011	December 31, 2010	January 1, 2010
		$	**$**	**$**
Amount due to:				
A&A Progress Development Ltd. (i)	Rent and utilities	5,850	2,100	nil
Chief Executive Officer	Consulting fees	26,367	16,690	nil
Chief Financial Officer	Consulting fees	800	1,838	nil
		33,017	20,628	nil

(i) A &A Progress Development Ltd. Is a Company controlled by a director of the Company

Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

7. CAPITAL DISCLOSURE

The Company manages its cash, receivables and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions 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 held at any given point in time.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general market conditions. There has not been any change to the Company's approach to management of capital in the current quarter.

8. FINANCIAL INSTRUMENTS AND RISKS MANAGMENT

a) Classification of financial instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the Company's financial assets measured at fair value by level within the fair value hierarchy as at March 31, 2011.

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	40,236	-	-	40,236

The fair values of the Company's other receivable, accounts payable and due to related parties approximate their carrying values because of the short term nature of these instruments. The fair value of other receivable (non-current) is not readily determinable with sufficient reliability due to the absence of an active secondary market.

8. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (Continued)

b) Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and note receivable. Cash is held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is minimal.

Interest Rate Risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash earn interest income at variable rates. The fair value of cash is unaffected by changes in short term interest rates.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements, however, the Company has been unable to raise sufficient funds to meet its property obligations which constitutes a significant liquidity risk.

9. SUBSEQUENT EVENTS

On May 24, 2011, the Company ended all business relationships with Qtech and will no longer purse the distribution or marketing of any Qtech's products. As a result, the Company has written off the related Distributing Licenses to $nil and recorded a $1 loss from asset write down for the three months ended March 31, 2011.

On May 20, 2011, the Company entered into an option agreement to acquire a 100% undivided interest in two contiguous mineral claims in Kamloop in consideration of $6,500 ("Acquisition").

In light of the above changes, the directors of the Company passed a resolution to change the name of the Company to better reflect the Company's business interests in May 2011. The change of principal business, the Company's name change, and the Acquisition were approved by shareholders at the Company's annual and special general meeting of shareholders held on June 16, 2011.

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these are the Company's first condensed interim financial statements for the quarter covered by the first annual financial statements prepared in accordance with IFRS.

The accounting policies stated in note 2 and 3 have been applied as follows:

- In preparing the interim financial statements for the three months ended March 31, 2011,
- the comparative information for the three months ended March 31, 2010,
- the statement of financial position as at December 31, 2010,
- the opening IFRS statement of financial position on the Transition Date, being January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010, and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

Adoption of IFRS1

The guidance for the first time adoption of IFRS is provided by IFRS1 - First Time Adoption of International Financial Reporting Standards, which provides guidance for an entity's initial adoption of IFRS. IFRS1 gives entities adopting IFRS for the first time a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

Optional Exemptions

There are not any optional exemptions available by IFRS 1 that is applicable to the Company. Accordingly, the Company has not elected to apply any optional exemptions provided by IFRS1.

Mandatory Exemptions

IFRS 1 mandatory exception applied by the Company is as follows:

Estimates - In accordance with IFRS 1, an entity'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 those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

a) Impacts to statements of loss and comprehensive loss

IFRS 1 requires an entity to reconcile comprehensive income for prior periods presented under Canadian GAAP to IFRS as of the same date, accompanying with an explanation for any material adjustments to cash flows to the extent that they exist. The IFRS transition has no impact to the company's statements of comprehensive loss, and statements of cash flows for the three months ended March 31, 2010 and for the year ended December 31, 2010.

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

b) Impacts to statements of financial position

Under Canadian GAAP, the Company recorded the fair value of the warrants issued in private placement and the grant date fair value of share options granted to the account of contributed surplus. On adoption of IFRS, the Company has reclassified the $458,407 previously recorded as contributed surplus as at December 31, 2010 to Reserves – "Warrant Reserve" and "Stock-based Compensation Reserve". The Company did not have contributed surplus balance on January 1, 2010 and March 31, 2010.

c) Impacts to equity (deficiency)

The adoption of IFRS did not have any impact on equity (deficiency) previously reported in accordance with Canadian GAAP as at January 1, 2010, March 31, 2010 and December 31, 2010.