Mercury Capital Limited
(A Capital Pool Company)

Financial Statements

For the Period From the Date of Incorporation
July 22, 2010 To December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mercury Capital Limited
(A Capital Pool Company)

We have audited the accompanying financial statements of Mercury Capital Limited (A Capital Pool Company), which comprise the balance sheet as at December 31, 2010, and the statements of operations and deficit and cash flows for the period from the date of incorporation (July 22, 2010) to December 31, 2010 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 Canadian generally accepted accounting principles, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mercury Capital Limited as at December 31, 2010, and its financial performance and its cash flows from the date of incorporation (July 22, 2010) to December 31, 2010 in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 29, 2011
Toronto, Ontario

Collins Barrow
Chartered Accountants

Mercury Capital Limited
(A Capital Pool Company)
Balance Sheet
As at December 31, 2010

		2010
Assets		
Current		
Cash (Note 3)	$	73,956
Accounts and other receivables		3,620
		77,576
Deferred share issuance costs		60,810
	$	138,386
Liabilities		
Current		
Accounts payable and accrued liabilities	$	45,186
Shareholders' Equity		
Capital stock (Note 4)		100,000
Deficit		(6,800)
		93,200
	$	138,386

Nature of Operations (Note 1)

Subsequent Events (Note 10)

Approved by the Board **"Alexander Logie"** Director **(Signed)** **"Robbie Grossman"** Director **(Signed)**

Mercury Capital Limited
(A Capital Pool Company)
Statement of Operations and Deficit
Period From the Date of Incorporation July 22, 2010 To December 31, 2010

		2010
Expenses		
Professional fees	$	6,800
Loss and deficit, end of period	**$**	**6,800**

See accompanying notes

Mercury Capital Limited
(A Capital Pool Company)
Statement of Cash Flows
Period From the Date of Incorporation July 22, 2010 To December 31, 2010

		2010
Cash provided by (used in)		
Operations		
Loss	$	(6,800)
Net changes in non-cash working capital		
Accounts payable and accrued liabilities		45,186
Accounts and other receivable		(3,620)
		34,766
Financing		
Issuance of capital stock		100,000
Deferred share issuance costs		(60,810)
		39,190
Net change in cash		73,956
Cash, end of period	$	73,956

1. NATURE OF OPERATIONS

Mercury Capital Limited (the "Company") is a Capital Pool Company pursuant to Policy 2.4 of the TSX Venture Exchange (the "Exchange") that has not commenced commercial operations and has no assets other than a minimum amount of cash. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (as such term is defined under the policies of the Exchange). The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the Business Corporation Act (Ontario) on July 22, 2010.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, in which event the Exchange may suspend or delist the Company's shares from trading.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the significant accounting policies described below:

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 contributed surplus, on a straight line basis over the vesting periods. If and when the stock options are exercised, the applicable amounts of contributed surplus 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.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future 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. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred Share Issuance Costs

These costs relate directly to the proposed issuance of shares by the Company pursuant to the initial public offering described in Note 9. Upon completion of the initial public offering, the costs will be charged against capital stock.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting 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.

Financial Instruments

All financial instruments are measured based on the classification adopted for the financial instrument: held for trading, held to maturity, loans and receivables, available for sale or other liability.

Financial Assets

Held for trading assets are measured at fair value with the change in the fair value recognized in net income during the period.

Held to maturity assets are measured at amortized cost using the effective interest rate method.

Loans and receivables are measured at amortized cost using the effective interest rate method.

Available for sale assets are measured at fair value with the changes in fair value recorded in other comprehensive income.

Financial Liabilities

Held for trading liabilities are measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities are measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Held for trading
Accounts and other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

2. SIGNIFICANT ACCOUNTING POLICIES (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.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company's current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

3. CASH RESTRICTION

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until Completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

4. CAPITAL STOCK

		2010
Authorized		
unlimited common shares		
Issued		
1,000,000 common shares(i)	$	100,000

(i) The 1,000,000 issued common shares of the Company are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released (the "Initial Release") from escrow on the issuance of the Final Exchange Bulletin, as defined under the policies of the Exchange, and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. However, the release of the escrowed common shares will be accelerated if the Company meets the Exchange Tier 1 initial listing requirements.

5. LOSS PER SHARE

The basic and fully diluted loss per share has not been presented, as all the shares were contingently issuable and all the conditions necessary for their issuance have not been satisfied as at year-end.

6. INCOME TAX

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 30.99% to the net loss for the period. The reason for the difference is as follows:

		2010
Recovery of income taxes based on statutory rate	$	(2,107)
Share issue costs		(1,683)
Change in valuation allowance		16,902
Change in rate and other		(13,112)
	$	-

6. INCOME TAX (Cont'd)

Future Tax Balances

The components of the Company's future income tax asset are a result of the origination and reversal of temporary differences and are comprised of the following:

		2010
Non-capital loss carryforwards	$	3,058
Share issuance costs		13,844
Valuation allowance		(16,902)
	$	-

Losses Carried Forward

As at December 31, 2010, the Company has a non-capital loss of $12,231 which may be utilized to reduce taxable earnings in future. The potential tax benefit relating to this loss has not been reflected in these financial statements. This loss expires in 2030.

7. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued common shares and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 3.

8. RELATED PARTY TRANSACTION

Transactions with related parties are incurred in the normal course of the business and are measured at the exchange amounts which are the amounts of consideration established and approved by the related parties.

Legal fees, including disbursements, of $25,830 is included in deferred share issuance costs and payable at year-end to a law firm in which two directors of the Company are partners.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments, consisting of cash, accounts and other receivables and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at December 31, 2010, the Company has accounts payable and accrued liabilities of $45,186 due within 12 months and has cash of $73,956. As a result the Company has minimal liquidity risk.

10. SUBSEQUENT EVENTS

On January 28, 2011, the Company completed its initial public offering by issuing 1,599,750 common shares at a price of $0.20 per share for a gross proceed of $319,950.

Hampton Securities Limited ("Hampton") acted as lead agent for the initial public offering. In connection with the offering, the Company granted Hampton, and its sub-agents, options to acquire 159,975 common shares at a price of $0.20 per share. The option may be exercised for a period of 24 months from the date of listing of the common shares on the Exchange.

At the closing of the initial public offering, the Company also granted incentive stock options to its four officers and directors to acquire a total of 259,975 common shares. The options may be exercised for a period of ten years at a price of $0.20 per share.