

**Aileron Ventures Limited**  
**Financial Statements**  
**March 31, 2011**

**Aileron Ventures Limited**  
**Financial Statements**  
**Three month period ended March 31, 2011**

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**June 28, 2011**

**MANAGEMENT'S REPORT**

**To the holders of Units of Aileron Ventures Limited**

The unaudited interim consolidated financial statements of Aileron Ventures Limited (the "Company") consisting of the balance sheet at March 31, 2011 and December 31, 2010, the statement of loss and comprehensive loss, the statement of changes in equity and the statement of cash flows for the three months ended March 31, 2011 are the responsibility of the management of Aileron Ventures Limited.

As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The unaudited consolidated interim financial statements for the three months ended March 31, 2011 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and using accounting policies consistent with IFRS. Readers of this MD&A should refer to "Significant Accounting Policies" below for a discussion of IFRS and its affect on the Company's financial presentation. The reporting and measurement currency in the financial statements and in this discussion and analysis is the Canadian dollar.

The Company discloses that its auditors, Deloitte, have not reviewed the interim Consolidated Financial Statements.

The Board of Directors of Aileron Ventures Limited has approved the interim consolidated financial statements.

**Signed 'John Mackay'**

**John Mackay**

**Executive Chairman & Chief Executive Officer**

**Signed 'Harold Kunik'**

**Harold Kunik**

**Chief Executive Office**

**Aileron Ventures Limited**  
(Incorporated under the laws of Alberta)

**Balance Sheet**  
**March 31, 2011**

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	<u>March 31, 2011</u>	<u>December 31, 2010</u>
<b>Assets</b>		
Current assets		
Cash	\$ 998	\$ 12,500
Accounts receivable	476	-
Investment (note 4)	15,585	-
Investment in affiliate (note 4)	-	12,815
	<u>\$ 17,059</u>	<u>\$ 25,315</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 2,500
Due to affiliate (note 5)	-	1,250
	<u>-</u>	<u>3,750</u>
<b>Shareholder's Equity</b>		
Share capital (note 6)	27,770	25,000
Deficit	(10,711)	(3,435)
	<u>17,059</u>	<u>21,565</u>
	<u>\$ 17,059</u>	<u>\$ 25,315</u>

*Subsequent event (note 11)*

Approved by the Board,

(signed) "*Harold Kunik*" \_\_\_\_\_, Director

(signed) "*John Mackay*" \_\_\_\_\_, Director

**Aileron Ventures Limited**  
**Statement of Loss and Comprehensive Loss**  
**For the three month period ended March 31, 2011**

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	<u>March 31, 2011</u>
Revenue	<u>\$ -</u>
Expenses	
Bank Charges	26
Management fees	-
Professional fees	<u>7,250</u>
	<u>7,276</u>
Net loss and comprehensive loss	<u>\$ (7,276)</u>

Note: Comparatives for March 31, 2010 were not shown as company did not exist at that time.

**Aileron Ventures Limited**  
**Statement of Changes in Equity**  
**For the three month period ended March 31, 2011**

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	Number of Common Shares	Common Shares Stated Value	Deficit
Issued for cash on incorporation	25,000	\$ 25,000	\$ -
Share split	8,675,000	-	-
Net loss	-	-	(3,435)
	<hr/>	<hr/>	<hr/>
as at December 31, 2010	8,700,000	\$ 25,000	\$ (3,435)
	<hr/>	<hr/>	<hr/>
Shares issued	964,155	\$ -	
Net loss	-	-	(7,276)
	<hr/>	<hr/>	<hr/>
as at March 31, 2011	<u>9,664,155</u>	<u>\$ 25,000</u>	<u>\$ (10,711)</u>

# Aileron Ventures Limited

## Statement of Cash Flows

For the three month period ended March 31, 2011

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	Three months ended March 31, 2011
Net loss	\$ (7,276)
Non-cash items:	-
	<hr/>
	(7,276)
Changes in non-cash working capital	
Accounts receivable	(476)
Accounts payable and accrued liabilities	(2,500)
Due to affiliate	(1,250)
	<hr/>
	(11,502)
	<hr/>
Financing activity	
Issuance of share capital	-
	<hr/>
	-
	<hr/>
Investing activity	
Investment	(12,500)
Investment in affiliate	12,500
	<hr/>
	-
	<hr/>
Change in cash and cash equivalents	(11,502)
Net cash and cash equivalents, beginning of period	12,500
	<hr/>
Net cash and cash equivalents, end of period	\$ 998

Note: Comparatives for March 31, 2010 were not shown as company did not exist at that time.

**Aileron Ventures Limited**  
**Notes to Financial Statements**  
**March 31, 2011**

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1. General business description

Aileron Ventures Limited (the "Company"), formerly 1539467 Alberta Ltd., was incorporated on May 31, 2010 under the Business Corporations Act (Alberta). To March 31, 2011, the only operations of the Company had been the investment (see note 4).

On January 11, 2011, the Company's affiliate, Altius, issued a joint management information circular and proxy statement relating to the proposed amalgamation of Altius and Immunall Science Inc. ("Immunall"). Under the terms of the proposed amalgamation, each Immunall shareholder will receive, for each common share of Immunall held, one common share in the amalgamated entity, 0.025 of a share in Aileron Ventures Limited and 0.025 of a share in Nautor Progressive Corporation. Each Altius shareholder will receive, for each common share of Altius held, one common share in the amalgamated entity. The proposed amalgamation was approved by shareholders and completed on March 31, 2011.

The address, and principal place of business of the Company is Suite 400, 2424 - 4th Street SW, Calgary, Alberta, Canada, T2S 2T4

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements were authorized for issue by the Board of Directors on June 28, 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- (i) derivative financial instruments, if any, are measured at fair value; and
- (ii) held for trading financial assets are measured at fair value with changes in fair value recorded in earnings.

The methods used to measure fair values are discussed in note 4.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of



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accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 4 - investments
- Note 7 - valuation and utilization of tax losses

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

**Investment**

The investment values shown are reflective of the cost method rather than the current value. The reason for this valuation method is that there is currently very limited trading activity on the investment company and the current value is not considered measureable at this time.

**Income taxes**

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Company utilizing certain tax pools and assets which in turn are dependent on estimates of future taxable income. The availability of tax pools is subject to audit and interpretation by taxation authorities.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company.

**(a) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, amounts on deposit with banks, guaranteed investment certificates held with banks and other short term highly liquid investments with maturities of 90 days or less at the date of issue

**(b) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Aileron Ventures Limited**  
**Notes to Financial Statements**  
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(i) *Financial assets*

Financial assets include accounts receivable and investments. Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

*Financial assets at fair value through profit or loss*

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. The Company has designated cash as held for trading. Derivatives are also categorized as held for trading unless they are designated as hedges.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

*Loans and receivables*

Classification

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as noncurrent assets. The Company classified accounts receivable as loans and receivables.

Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

*Available for sale financial assets*

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They consist of

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investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Company has not designated any financial assets as available for sale.

*Reclassification of financial assets*

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

(ii) *Financial liabilities*

Financial liabilities primarily consist of accounts payables and accrued liabilities and due to affiliate. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non performance risk, including the Company's own credit risk for financial liabilities, is considered when determining the fair value of financial assets or liabilities, including derivative liabilities.

(iii) *Derivative financial instruments*

The Company may enter into, from time to time, certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded on the balance sheet at fair value with changes in fair value recorded in the income statement. Transaction costs are recognized in the income statement as incurred. Proceeds and costs realized from holding these financial instruments are recognized in profit or loss at the time each transaction under a contract is settled.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in the income statement. The Company has not identified any embedded derivatives in any of its financial instruments.

(iv) *Impairment*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit or

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loss, or a group of financial assets is impaired. When an impairment has occurred, the cumulative loss is recognized in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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 financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available for sale equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

(c) Investments

The value of the investment in affiliate was exchanged for approximately 4.5% of the outstanding shares of Immunall on March 31, 2011. The Company does not have significant influence over the operations of the affiliate and therefore accounts for the investment using the cost method. As the shares of Immunall do not currently have sufficient activity to reasonably assess current value the investment has been recorded

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at the original cost which is considered the most appropriate method at this time and until market changes provide a more reasonable valuation.

(d) Income taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation 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, and the carry forward of non capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

(e) Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and

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contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(f) New accounting standards, interpretations and amendments to existing standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2011 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the discussion below. The IASB's improvements to IFRS contain several amendments that result in accounting changes for presentation, recognition or measurement purposes. The effective date for all of the amendments is January 1, 2011 although early application is permitted. Transitional requirements are set out on a standard-by-standard basis. The most significant features of the IASB's annual improvements project and new standards to be issued are discussed below.

Revisions to IFRS 3, Business Combinations

Clarification on the following areas:

- Contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of the new IFRS 3 (as revised in 2008) should continue to be accounted for in accordance with the previous IFRS 3 (as issued in 2004).
- The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.
- Application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced awards (i.e. unexpired awards over acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

Amendment to IAS 32, Financial Instruments Presentation - Classification of Rights Issues

The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to

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be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Improvements to IFRS 7 Financial Instruments, Disclosures

The amendments add an explicit statement that qualitative disclosure should be made in connection with the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

Improvements to IAS 1, Presentation of Financial Statements.

The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

IFRS 9 Financial Instruments

IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. IFRS 9 (2009) also replaces the models for measuring equity investments; such investments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Prior periods do not need to be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012. Otherwise, this standard is required to be applied for accounting periods on or after January 1, 2013.

IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities. It also discusses how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

4. Investment and Investment in affiliate

The investment is related to the conversion of the previous investment in affiliate (Altius) outlined below to an investment in Immunall which represents a minority interest of approximately 4.5%. As the Company owns a minority position and the shares of Immunall

# Aileron Ventures Limited

## Notes to Financial Statements

March 31, 2011

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have a limited trade volume and no present method to accurately value their shares the investment is held on the records at the original investment value until it is determined that an accurate revaluation is appropriate.

Investment in affiliate consisted of a 50% holding in Altius Edge Ltd. ("Altius") and was comprised of the cash investment value.

5. Due to affiliate

The amount due to affiliate \$ Nil as of March 31, 2011 (December 31, 2010 \$1,250) was an amount owing to Altius for management fees and is unsecured, non-interest bearing and has been repaid since December 31, 2010.

6. Share capital

Authorized

Unlimited Common voting shares

Unlimited Preferred shares, issuable in series,  
with the rights, privileges, restrictions  
and conditions determined by the Board  
of Directors upon issuance

On December 29, 2010, the Company completed a 348:1 share split.

7. Income tax expense

Reconciliation of effective tax rate:

	2011	2010
Loss before income tax	\$ 7,276	\$ 3,750
Statutory tax rate	26.5%	28%
Expected income tax recovery	1,928	1,050
Permanent differences	0	0
Tax losses not recognized	<u>(1,928)</u>	<u>(1,050)</u>
Total income tax recovery	<u>\$ -</u>	<u>\$ -</u>

Recognized deferred tax assets and liabilities:



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Deferred tax assets and liabilities are attributable to the following:

	<b>2011</b>	<b>2010</b>
Deferred tax assets		
Non-capital losses	1,928	1,050
Less: Valuation allowance	<u>(1,928)</u>	<u>(1,050)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The Company has available the following estimated non-capital loss carry forwards for which a deferred tax asset has not been recognized in the financial statements:

<u>Year of Expiry</u>	<u>Amount</u>
2030	<u>\$ 3,750</u>
2031	<u>\$ 1,928</u>

8. Capital disclosures

The Company's policy when managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business.

The Company includes shareholder's equity in the definition of capital.

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. In order to maintain or adjust the capital structure, the Company may adjust spending, issue new units or incur debt.

The Company is not subject to externally imposed capital requirements.

9. Financial instruments and risk management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company has the following financial instruments:

Cash is designated as held-for-trading and is measured at fair value. Accounts receivable is classified as loans and receivables and accounts payable and accrued liabilities and due to affiliate are classified as other financial liabilities and are measured at amortized cost. Investment and investment in affiliate are also classified as other financial assets and are measured at fair market value (see note 4).

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The Company is exposed to financial risk arising from its financial assets. The Company manages its exposure to financial risks in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are as follows:

(a) Credit risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

(c) Fair values

The fair value of cash, accounts payable and accrued liabilities and due to affiliate approximate their carrying value because of the short-term nature.

The fair value of transactions are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The Company's cash is transacted in active markets and has been classified using Level 1 inputs.

10. Personnel expenses

There were no amounts paid to employees, officers or directors in the period ended March 31, 2011.