Acana Capital Corp.

Consolidated Financial Statements

September 30, 2012

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Acana Capital Corp.

We have audited the accompanying consolidated financial statements of Acana Capital Corp., which comprise the consolidated statements of financial position as at September 30, 2012, September 30, 2011 and October 1, 2010 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended September 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Acana Capital Corp. as at September 30, 2012, September 30, 2011 and October 1, 2010 and its financial performance and its cash flows for the years ended September 30, 2012 and 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Acana Capital Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
January 28, 2013

Acana Capital Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	September 30, 2012	September 30, 2011	October 1, 2010
			(Note 13)	(Note 13)
		$	$	$
Assets				
Current assets				
Cash		154,012	-	-
Marketable securities	6	812,943	-	-
HST receivable		71,479	-	-
Prepaid		5,066	-	-
		1,043,500	-	-
Properties	7	1,328,624	-	-
Total assets		2,372,124	-	-
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	8	14,589	-	-
Shareholders' equity				
Share capital	5	1,653,250	-	-
Reserves	5	918,000	-	-
Deficit		(213,715)	-	-
		2,357,535	-	-
Total liabilities and shareholders' equity		2,372,124	-	-

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)
Commitments (Note 14)

See accompanying notes to the financial statements

Approved and authorized for issuance by the Board of Directors on January 28, 2013

"Eugene Beukman"
Director

"Brian Findlay"
Director

Acana Capital Corp.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended September 30, 2012	2011
		$	$ (Note 13)
Expenses			
Advertisement and promotion		25,500	
Consulting	9	3,270	–
Office and administration		26,718	–
Professional fees		19,971	–
Trust and filing fees		31,325	–
Loss before other items		(106,784)	–
Unrealized loss on marketable securities	6	(118,082)	–
Interest income		14,210	–
Finance charges and foreign exchange losses		(3,059)	–
Net and comprehensive loss		(213,715)	–
Loss per share, basic and diluted		(0.04)	–
Weighted average number of outstanding shares		5,542,012	–

See accompanying notes to the financial statements

Acana Capital Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars except for number of shares)

		Share capital				
	Note	**Number**	**Amount**	**Warrant reserve**	**Deficit**	**Shareholders' equity (deficiency)**
			$		$	$
Balance, October 1, 2010 and September 30, 2011	13	–	–	–	–	–
Share issuance on corporate restructuring	4,5,7	2,446,670	276,250		–	276,250
Shares issuance for cash	5	5,100,000	1,377,000	918,000	–	2,295,000
Net loss		–	–	–	(213,715)	(213,715)
Balance,September 30, 2012		7,546,670	1,653,250	918,000	(213,715)	2,357,535

See accompanying notes to the financial statements

Acana Capital Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note	Year ended September 30, 2012	2011
Cash (used in) provided by:		$	$
			(Note 13)
Operating activities			
Loss for the year		(213,715)	-
Items not involving cash :			
Unrealized loss on marketable securities		118,082	
Changes in non-cash operating working capital			
HST receivable		(71,479)	-
Prepaid		(5,066)	
Accounts payable and accrued liabilities		14,589	-
Cash used in operating activities		(157,589)	-
Financing activities			
Shares issued for cash		2,295,000	-
Cash provided by investing activities		2,295,000	-
Investing activities			
Acquisition of marketable securities		(931,025)	-
Acquisition of real properties		(1,052,374)	-
Cash provided by investing activities		(1,983,399)	-
Increase in cash		154,012	-
Cash, beginning of year		-	-
Cash, end of year		154,012	-
Supplementary information:			
Cash paid for interest		-	-
Cash paid for income taxes		-	-
Non- cash transactions:			
2,446,670 shares issued for real estate interest	4,5,7	276,250	-

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Acana Capital Corp. (the "Company") was incorporated on June 18, 2007 in British Columbia, Canada. The company's principal activity is the acquisition and development of real properties. The Company's head office, registered office, and record office are located at Suite 200 – 8338 120th Street, Surrey, BC, V3W 3N4. The Company's shares are traded on the Canadian National Stock Exchange ("CNSX") under the symbol "APB".

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2012, the Company had not earned any income from its properties and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful sale or lease of its properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans, loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company 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"), including IFRS 1, First-time Adoption of IFRS. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 12 discloses the impact of the transition to IFRS on the Company's reported financial position as at October 1, 2010 and September 30, 2011 and comprehensive loss for the year ended September 30, 2011, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended September 30, 2011. This is the first time that the Company has prepared its financial statements in accordance with IFRS. Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP").

These consolidated financial statements were approved and authorized by the Board of Directors on January 28, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. These consolidated financial statements are presented are in Canadian dollars, unless otherwise noted. These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name	Country of incorporation	Ownership percentage as at September 30, 2012
JG Wealth Management Corp.	Canada	100%
Acana Capital USA Inc.	USA	100%
Acana Capital LLC.	USA	100%

All significant intercompany transactions and balances have been eliminated. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and the useful life and recoverability of the property.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss ("FVTPL") - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company designates its cash and marketable securities as fair value through profit or loss financial assets.

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 subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company has designated its HST receivable as loan and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities and that the Company intends to hold to maturity. These assets are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not hold any available-for-sale financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional currency and foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. As at September 30, 2012, the Company's subsidiaries did not have any operations.

Transactions and balances:

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

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

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

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive income.

Property

Recognition and measurement

The Company's properties are comprised of real estate projects which are developed, to be developed, or are in development. The Company capitalizes the acquisition and development costs of its real estate projects. No amortization is taken before the real estate project is readily for use and leased.

Gains and losses on disposal of the properties are recognized on a net basis within other income in profit and loss.

Depreciation

No depreciation is taken on land. The other properties are depreciated on a declining basis at an annual rate of 4% per year once the property is ready for use. The useful lives and residual values of each property are reassessed at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

The carrying amount of the Company's assets (which include the properties) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

<u>Current income tax:</u>
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Warrants

Proceeds from issuances of security units by the Company consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined to be the difference between gross proceeds over the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a fair value of $Nil is assigned to the warrants.

Accounting standards issued by not yet effective

IFRS 9, Financial Instruments, introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, 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. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

IFRS 11, Joint Arrangements, 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 venturer 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, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. 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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting standards issued by not yet effective (continued)

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after October 1, 2012 with earlier application permitted.

IAS 19, Employee Benefits, has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. The amended standard requires immediate recognition of actuarial gains and losses in other comprehensive income as they arise, without subsequent recycling to net income. This is consistent with the Company's current accounting policy. Past service cost (which will now include curtailment gains and losses) will no longer be recognized over a service period but instead will be recognized immediately in the period of a plan amendment. Pension benefit cost will be split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past-service cost, settlements and curtailments); and (ii) finance expense or income. The finance expense or income component will be calculated based on the net defined benefit asset or liability. A number of other amendments have been made to recognition, measurement and classification including redefining short term and other long-term benefits, guidance on the treatment taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

IAS 32, Financial Instruments: Presentation. These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation
In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "Presentation of Financial Statements" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after September 1, 2012.

4. CORPORATE RESTRUCTURING

On April 18, 2011, the Company, which is the former subsidiary of Grand Peak Capital Corp. ("Grand Peak"), entered into an agreement with Grand Peak to proceed with a corporate restructuring whereby Grand Peak will transfer its real estate interest (the "Interest") and loan $200,000 to the Company. In consideration, the Company will issue 24,466,702 common shares to Grand Peak. The transaction constitutes a spin-out under the regulations on the Canadian National Stock Exchange ("CNSX"). The Interest is composed of a cash deposit of $276,250 for the purchase of a real estate condominium with a balance of $828,750 due upon completion.

The arrangement agreement received interim approval by the BC Supreme Court on May 24, 2011 and was approved by the Company's shareholders at its annual general meeting on June 30, 2011. The court provided final approval for the arrangement by order dated July 13, 2011. The Company's shares started trading under the symbol "APB" on the CNSX on December 2, 2011. On December 21, 2011, Grand Peak's real estate interest and the $200,000 loan were transferred to the Company and the Company's shares were delivered to Grand Peak. The Company repaid the $200,000 loan to Grand Peak during the year.

(Expressed in Canadian dollars)

5. CAPITAL STOCK

Authorized

Unlimited number of common shares without par value.

Unlimited number of Class B preferred shares without par value.

Issued and outstanding

On January 19, 2012 the Company completed a private placement of 5,100,000 units at $0.50 per unit for gross proceeds of $2,550,000. Each unit consisted of one common share and one warrant of the Company. Each warrant is convertible to a common share of the Company at $0.5 per share. Finder fees of $255,000 were paid. The fair value of the warrants is estimated to be $918,000.

On May 14, 2012, the Company consolidated its common shares on a 10:1 basis. The number of common shares presented within these financial statements has been adjusted to reflect the consolidation.

On December 1, 2011, the Company issued 2,446,670 common shares to Grand Peak Capital Corp ("Grand Peak") for a $276,250 cash deposit toward the purchase of a real estate condominium. **Warrants**

As at September 30, 2012 the Company had 5,100,000 warrants outstanding exercisable at $0.5 which will expire on January 19, 2013. The weighted average life of the warrants outstanding as at September 30, 2012 is 0.3 years.

Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

6. MARKETABLE SECURITIES

As at September 30, 2012, the Company's marketable securities comprise of investments in common shares and share purchase warrants of Canadian public companies. The Company designates its marketable securities at fair value through profit or loss. A summary of the Company's marketable securities are as follows:

	Cost	**Unrealized loss**	**Fair value**
	$	$	$
Common shares	891,325	(173,776)	717,549
Warrants	39,700	55,694	95,394
	931,025	(118,082)	812,943

(Expressed in Canadian dollars)

7. PROPERTY

Suite 2801, 180 University Avenue, Toronto, Ontario, Canada

During the year ended September 30, 2012, the Company issued 2,446,670 common shares to Grand Peak for a cash deposit of $276,250 for the purchase of a real estate condominium (the “Shangri-La Property”) (Note 4). The Company paid and additional $824,771in cash and completed the acquisition of the property on September 5, 2012.

1329, Crocker Drive, EI Corado Hills, CA 95762, USA

During the year ended September 30, 2012, the Company acquired a parcel of land in California, USA. The Company paid $227,603 in consideration for the property and completed the acquisition on July 31, 2012.

Subsequent to year end, the Company acquired additional properties. See Note 14.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2012	September 30, 2011	October 1, 2010
	$	$	$
Trade payables	4,589	-	-
Accrued liabilities	10,000	-	-
	14,589	-	-

9. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2012, the Company acquired 2,365,954 common shares and 1,633,594 warrants of five Canadian public companies that have directors or officers in common with the Company. The cost of these marketable securities was $341,025 and their market value as at September 30, 2012 of was $374,243. During the year ended September 30, 2012, the Company recorded an unrealized gain of $33,218 on these securities (Note 6).

During the year ended September 30, 2012, the Company incurred consulting fees of $3,270 to its Chief Financial Officer.

During the year ended September 30, 2012, the Company incurred rent expense of $22,500 to a company controlled by a shareholder of the Company.

(Expressed in Canadian dollars)

10. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2012	**September 30, 2011**
	$	$
Net loss before income taxes	(213,715)	-
Statutory tax rate	26%	-
Expected income tax recovery at the statutory tax rate	(55,566)	-
Effect of changes in tax rates	16,898	-
Changes in valuation allowance	38,668	-
Actual income tax recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2012	**September 30, 2011**
	$	$
Non-capital loss carry-forwards	23,908	-
Marketable securities	14,760	-
Valuation allowance	(38,668)	-
Net deferred income tax assets	-	-

The Company's has $95,633 in non-capital tax losses which will expire in 2031.

11. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the development of its real estate projects and to sustain future development of the business. The capital structure of the Company consists of cash and common shares.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash and marketable securities which are held in bank accounts and deposited with brokers, respectively. As most of the Company's cash is held by two banks, and all of the marketable securities are held by one brokerage firm, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its HST receivable from the Canadian government; as such, the credit risk is minimal.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is currently not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2012	**September 30, 2011**	**October 1, 2010**
	$	$	$
Cash	154,012	-	-
Financial assets held at fair value through profit and loss:			
Marketable securities	812,943	-	-
	966,955	-	-

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2012	**September 30, 2011**	**October 1, 2010**
	$	$	$
Non-derivative financial liabilities:			
Trade payables	4,589	-	-

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2012:

	As at September 30, 2012		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	154,012	-	-
Marketable securities	812,943	-	-
	966,955	-	-

The Company did not have any financial instruments as at September 30, 2011.

13. TRANSITION TO IFRS

These are the Company's first annual 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 statements of financial position for the years ended September 30, 2011 and October 1, 2010 and the statements of comprehensive loss for the year ended September 30, 2011. The Company adopted IFRS on October 1, 2011 with a transition date of October 1, 2010.

The adoption of IFRS had no impact on the Company's financial position as at September 30, 2011 or October 1, 2010 or on the Company's financial performance and cash flows for the period ended September 30, 2011.

14. SUBSEQUENT EVENTS

On October 1, 2012, the Company entered into a 1 year lease agreement to lease the Shangri-la Property for rent of $6,682 per month commencing November 1, 2012 (Note 7).

On November 1, 2012, the Company borrowed $250,000 from the spouse of a shareholder of the Company. The loan does not bear interest and is due on demand. In January 2013, the note was fully repaid.

On November 23, 2012, the Company closed a private placement for the issuance of 7,500,000 units at $0.05/unit for the gross proceeds of $375,000. Each unit consists of one common share and one share purchase warrant which can be converted to the Company's common share on a one-to-one basis at $0.05/share. These share purchase warrants will expire on June 6, 2013.

14. SUBSEQUENT EVENTS (CONTINUED)

On November 30, 2012, the Company acquired 106 acres of vacant lands located on Glenn Road, Corning, California, USA, for US$455,800 (CAD$452,200). In January 2013, the Company sold 50% interest of their interest in the property at cost to an arm's length party.

On December 4, 2012, the Company borrowed US$460,000 from the spouse of a shareholder of the Company. The promissory note bears interest at 2% per annum and will mature on June 4, 2013. The promissory note is secured by a general collateral security. On January 18, 2013, the note was fully repaid.

On December 18, 2012, the Company issued a $1,000,000 convertible debenture due on December 18, 2017 to the spouse of a shareholder of the Company. The convertible debenture is unsecured and accrues interest at 6% per annum which is payable semi-annually. The lender has the option to convert the convertible debenture into preferred shares of the Company at $0.50 per share.

On December 24, 2012, the Company acquired a 50% interest of 860 acres of land located at 19542 and 19544 Corning Road, Corning, California, USA. The purchase price of the property was US$2,500,000 (CAD$2,482,000).

On December 24, 2012, the Company entered into an agreement to acquire 74 acres of land located at 12749 River Road, Sacramento, California from a company controlled by a shareholder of the Company for $400,000. The Company paid the $400,000 on January 18, 2013.

On December 24, 2012, the Company entered into an agreement to acquire an office building in Tuscon, Arizona, from a company controlled by a shareholder for the purchase price of $2,300,000 which will be delivered to the vendor as a $1,300,000 debenture and a $1,000,000 promissory note. The debenture bears interest at 4% annually, is due in 5 years and is convertible to preferred shares of the Company. The promissory note is due on demand and bears interest at 3% annually.

On January 10, 2013, the Company issued a $1,000,000 convertible debenture due on January 10, 2018 to the spouse of a shareholder of the Company. The convertible debenture is unsecured and accrues interest at 6% per annum which is payable semi-annually. The lender has the option to convert the convertible debenture into preferred shares of the Company at $0.50 per share. On January 18, 2013, the Company closed and a private placement for the issuance of 7,500,000 common shares in the capital of the Company at $0.05/share for gross proceeds of $375,000.

On January 18, 2013, the Company closed a private placement for the issuance of 7,500,000 units at $0.05/unit for the gross proceeds of $375,000. No finders' fees were paid in connection with this private placement.

On January 21, 2013, the Company issued a $1,000,000 convertible debenture due on January 21, 2018 to a shareholder of the Company. The convertible debenture is unsecured and accrues interest at 6% per annum which is payable semi-annually. The lender has the option to convert the convertible debenture into preferred shares of the Company at $0.50 per share.

On January 22, 2013, the Company issued a $1,000,000 convertible debenture due on January 22, 2018 to a shareholder of the Company. The convertible debenture is unsecured and accrues interest at 6% per annum which is payable semi-annually. The lender has the option to convert the convertible debenture into preferred shares of the Company at $0.50 per share.

On January 25, 2013, the Company acquired a parcel of vacant land located at 8374 Bradshaw Road, Sacramento, California, USA for US$2,515,481.