GREENANGEL ENERGY CORP.

Interim Financial Statements

Nine Month Period Ended August 31, 2012 and August 31, 2011

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

"Michael Volker"

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Michael Volker,
Director

Greenangel Energy Corp.
INTERIM STATEMENTS OF NET ASSETS
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

	As at August 31, 2012 $	As at November 30, 2011 $	As at December 1, 2010 $
ASSETS			
Cash and cash equivalents	39,926	94,798	276,985
Investments (Note 3)	2,964,108	3,002,408	2,963,322
	3,004,034	3,097,206	3,240,307
LIABILITIES			
Accounts payable and accrued liabilities	12,027	25,298	18,898
Deferred income tax liability	-	-	2,879
	12,027	25,298	21,777
NET ASSETS	2,992,007	3,071,908	3,218,530
SHAREHOLDERS' EQUITY			
Share Capital (Note 4)	2,733,883	2,733,883	2,733,883
Share-based payment reserve	187,493	170,248	110,620
Retained earnings	70,631	167,777	374,027
	2,992,007	3,071,908	3,218,530

Approved for issuance on behalf of the board on Oct 18, 2012

"Michael C Volker"
Michael Volker, Director

"Bruce Schmidt"
Bruce Schmidt, Director

Greenangel Energy Corp.
INTERIM STATEMENTS OF COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

	Three months ended		Nine months ended	
	August 31, 2012	August 31, 2011	August 31, 2012	August 31, 2011
	$	$	$	$
EXPENSES				
Administrative, management and directors fees (Note 5)	0	32,808	39,840	82,449
Accounting and legal	2,072	2,872	9,688	5,691
Bank charges and interest	62	118	250	283
Office, promotion and miscellaneous	8,989	21,065	25,217	41,703
Share-based compensation	17,245	8,250	17,245	8,250
Transfer agent and Regulatory fees	4,360	5,804	14,762	16,716
	32,728	70,917	107,002	155,092
LOSS BEFORE OTHER ITEMS AND INCOME TAXES	(32,728)	(70,917)	(107,002)	(155,092)
OTHER ITEMS				
Interest Income	531	937	9,856	4,010
	(32,197)	(69,980)	(97,146)	(151,082)
COMPREHESIVE LOSS FOR THE PERIOD	(32,197)	(69,980)	(97,146)	(151,082)
Net Loss Per Share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted Average Shares Number of Shares Outstanding	15,764,796	15,764,796	15,764,796	15,764,796

Greenangel Energy Corp.
INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDING AUGUST 31, 2012 AND 2011
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

	Share Capital				
	Shares	Amount $	Share-based Payment Reserve $	Retained Earnings $	Total $
Balance, December 1, 2010	15,764,796	2,733,883	110,620	374,027	3,218,530
Share-based compensation	-	-	8,250	-	8,250
Comprehensive loss	-	-		(151,082)	(151,082)
Balance, August 31, 2011	15,764,796	2,733,883	118,870	222,945	3,075,698
Balance, December 1, 2011	15,764,796	2,733,883	170,248	167,777	3,071,908
Share-based compensation	-	-	17,245		17,245
Comprehensive loss	-	-	-	(97,146)	(97,146)
Balance, August 31, 2012	15,764,796	2,733,883	187,493	70,631	2,992,007

Greenangel Energy Corp.
INTERIM STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

	Three months ended		Nine months ended	
	August 31, 2012	August 31, 2011	August 31, 2012	August 31, 2011
	$	$	$	$
Operating Activities				
Net loss for the period	(32,197)	(69,980)	(97,146)	(151,082)
Share-based compensation	17,245	8,250	17,245	8,250
Change in non-cash working capital items	9,217	12,009	(13,271)	(5,152)
	(5,735)	(49,721)	(93,172)	(147,983)
Investing Activities				
Distribution received as return of capital	4,550	-	38,300	-
	4,550		38,300	
Financing Activities				
Loans to Portfolio Companies	-	43,000	-	(20,000)
	-	43,000	-	(20,000)
Change in Cash	(1,185)	(6,721)	(54,872)	(167,983)
Cash - Beginning of Period	41,111	115,722	94,798	276,985
Cash - End of Period	39,926	109,002	39,926	109,002

1. NATURE OF BUSINESS AND GOING CONCERN

GreenAngel Energy Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 26, 2007 as Angelwest Capital Corp. and was a Capital Pool Company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX"). Effective October 27, 2009, the Company changed its name to GreenAngel Energy Corp. and completed its Qualifying Transaction by acquiring equity interests in certain entities. Its primary business is investing in early stage technology companies that are focused on the production or conservation of energy or energy efficiency improvements. The Company's head office and principal place of business is suite 7300 – 515 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's primary source of funding has been the issuance of equity. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from its investments in technology companies, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying value of the Company's assets may be adversely affected.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompany financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the presentation of these unaudited interim financial statements are set out below. These policies have been consistently applied to all the periods presented.

Statement of compliance

These interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS") which the Company expects to adopt in its annual financial statements as at and for the year ended November 30, 2012.

These are the Company's first IFRS unaudited interim financial statements for part of the period covered by the Company's first IFRS annual financial statements for the year ending November 30, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP").

As these are the Company's second set of interim financial statements in accordance with IFRS, the Company's disclosures exceed the minimum requirements under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Company's 2011 annual financial statements prepared in accordance with CGAAP.

The disclosures that accompany these interim financial statements are limited to the significant accounting policies applied and the significant judgments and estimates applicable to the preparation of the financial statements, and the other disclosure requirements of IFRS 1, First-Time Adoption of International Financial

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The interim financial statements have been prepared using the historical cost convention except for some financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending November 30, 2012.

Significant Accounting Judgements and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the financial statements are:

- Going concern;
- Fair value of investment in securities not quoted in an active market;
- Deferred tax assets; and
- Share-based compensation expense.

Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Financial instruments

All financial instruments are initially measured at fair value and categorized as either held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale or other financial liabilities.

Held-to-maturity financial assets are subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

FVTPL financial instruments are measured at fair value with changes in fair value charged or credited to earnings in the period in which they arise.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

Available-for-sale financial instruments are measured at fair value with changes in fair value charged or credited to other comprehensive income. Impairment losses are reclassified from other comprehensive income and charged to net earnings in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

Investments

Investments consist of common shares, preferred shares, partnership units and warrants held in non-public companies that are focused on the production or conservation of energy or energy efficiency improvements. At the end of each financial reporting period, the Company's management estimates fair value of its investments based on the criteria below and records such valuations in the financial statements. Options and warrants of non-public companies are carried at $nil.

- Investments are initially recorded at cost, being the fair value at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by applying one or more of the following valuation techniques:
- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, political, operating or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not be realized.

Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the statement of operations.

Functional currency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

Deferred tax is provided using the statement of financial position asset and 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. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Share options granted to non-employees or consultants are measured at the fair value of goods or services received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Changes

IFRS 7 – The IASB issued amendments to IFRS 7 - Financial Instruments: Disclosures, as part of its comprehensive review of off balance sheet activities, which is applicable to financial statement covering periods beginning on after July 1, 2011. Early adoption is permitted. The Company is currently assessing the impact of this amendment on its financial statements.

IFRS 9 – Financial Instruments, issued in November 2009, introduces new requirements for the classification and measurement of financial assets, financial liabilities and for derecognition. IFRS 9 will be effective for annual periods beginning on January 1, 2015, with earlier application permitted. IFRS 9 requires all recorded financial assets that are within the scope of IAS 39 – Financial Instruments: Recognition and Measurement to be subsequently measure at amortized cost or fair value. Specifically, debt investments 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 debt investments and equity investments are measured at their faire values at the end of subsequent accounting periods.

The Company will be required to adopt IFRS 9 for the annual period beginning December 1, 2015.

IFRS 13- Fair value measurement, issued in May 2011, establishes a single framework for measuring fair value where such measure is required under other standards. IFRS 13 will be effective for the annual period beginning on December 1, 2013, with earlier application permitted. IFRS 13 will apply for both financial and non-financial items measured at fair value. Under IFRS 13, the fair value is defined as 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. The Company will adopt IFRS 13 for the annual period beginning December 1, 2013. A detailed review will be completed in the future in order to determine if this standard will have significant impacts.

In May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements, IFRS 11- Joint arrangements, IFRS 12 – Disclosures of Involvement with Other Entities, and amended IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, all applicable for annual period beginning on or after December 1, 2013. A detailed review will be completed in the future in order to determine if this standard will have a significant impact.

In June 2011, the IASB published an amendment to IAS 19 – Employee Benefits. As the Company does not provide benefits in the scope of this amendment, there will be no impact.

In June 2011, the IASB also issued an amendment to IAS 1 – Presentation of Items of Other Comprehensive Income that will be effective for the annual period beginning on December 1, 2012. This amendment provides an option to present comprehensive income in either on single continuous statement or in two separate but consecutive statements. It also requires items of other comprehensive income items to be grouped into those that will and will not be reclassified to profit and loss in the future. Earlier application of this standard is permitted. The Company is currently evaluating the impact of this standard.

3. INVESTMENTS

As at August 31, 2012, the Company held the following investments:

Investees	Common Shares	Preferred shares	Partnership Units	Cost	Fair Value
Delaware Power Systems Corp.	965,000	-	-	$ 414,500	$ 414,500
Dpoint Technologies Inc.	448,718	-	-	350,000	637,180
Espresso Capital Partnership	-	-	5,000	6,700	6,700
Habitat Enterprises Ltd.	1,533,334	-	-	230,000	340,553
Light-Based Technologies Inc.	960,000	600,000	-	390,000	780,000
Paradigm Environmental Technologies Inc.	169,184	-	-	447,675	447,675
Rapid Electric Vehicles Inc.	1,500,000	-	-	300,000	337,500
				$2,144,175	$ 2,964,108

As at November 30, 2011, the Company held the following investments:

Investees	Common Shares	Preferred shares	Partnership Units	Cost	Fair Value
Delaware Power Systems Corp.	965,000	-	-	$ 414,500	$ 414,500
Dpoint Technologies Inc.	448,718	-	-	350,000	637,180
Espresso Capital Partnership	-	-	5,000	45,000	45,000
Habitat Enterprises Ltd.	1,533,334	-	-	230,000	340,553
Light-Based Technologies Inc.	960,000	600,000	-	390,000	780,000
Paradigm Environmental Technologies Inc.	169,184	-	-	447,675	447,675
Rapid Electric Vehicles Inc.	1,500,000	-	-	300,000	337,500
				$2,177,175	$ 3,002,408

As at December 1, 2010, the Company held the following investments:

Investees	Common Shares	Preferred shares	Partnership Units	Warrants	Cost	Fair Value
Delaware Power Systems Corp.	965,000	-	-	-	$ 414,500	$ 414,500
Dpoint Technologies Inc.	448,718	-	-	-	350,000	637,180
Espresso Capital Partnership	-	-	5,000	-	50,000	50,000
Habitat Enterprises Ltd.	1,533,334	-	-	-	230,000	265,267
Light-Based Technologies Inc.	960,000	600,000	-	300,000	390,000	811,200
Paradigm Environmental Technologies Inc.	169,184	-	-	-	447,675	447,675
Rapid Electric Vehicles Inc.	1,500,000	-	-	-	300,000	337,500
					$2,182,175	$ 2,963,322

4. SHARE CAPITAL

a) Authorized:

An unlimited number of common voting shares without par value.

b) Issued and Outstanding:

	Number	Amount
Balance at August 31, 2012, November 30, 2011 and December 1, 2010	15,764,796	$ 2,733,883

c) Escrow Shares

At August 31, 2012, 300,000 shares issued and outstanding are held in escrow. Under the escrow agreement, 2,000,000 shares were originally placed in escrow of which 10% were released on the issuance of the Final Exchange Bulletin for the TSX's acceptance of the Qualifying Transaction. 15% will be released every six months thereafter for a period of thirty-six months.

d) Stock Options

The Company has adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX. Options granted may not exceed a term of five years from the grant date. Options granted to consultants conducting investor relation activities vest 25% upon grant, and 25% every three months thereafter. Vesting period for all other options will be determined by the board of directors at the time of each grant.

During the nine months ended August 31, 2012, the Company did not grant any stock options.

	Number of Options Outstanding & Exercisable	Weighted Average Exercise Price
Balance, December 1, 2010	1,200,000	$0.20
Granted	150,000	$0.20
Balance, August 31, 2012 and November 30, 2011	1,350,000	$0.20

e) Warrants

	Number of Warrants	Exercise Price	Expiry Date
Balance, August 31, 2012 and November 30, 2011	999,273	$0.20	November 23,2012

5. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The following related party transactions were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties:

(a) Directors fees of $18,000 were paid during the current nine-month period as compared to fees of $25,500 paid during the nine-month period ended August 31, 2011.

(b) Management fees of $19,500 plus HST of $2,340 were paid during the current nine-month period as compared to fees of $35,100 plus HST of $4,212 paid during the nine-month period ended August 31, 2011.

6. INCOME TAXES

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion of all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2012	2011
Combined Canadian statutory income tax rate	25%	26%
Income taxes (recovery) at statutory rate	$ 24,287	$ 39,281
Unrecognized benefits	(24,287)	(39,281)
Future income tax (recovery) expense	$ –	$ –

Significant components of the Company’s deferred income tax assets (liabilities) are shown below:

	August 31, 2012	November 30, 2011
Non-capital loss carry forwards	$ 614,000	$ 517,000
Share issue costs	22,400	22,400
Investments	(380,000)	(380,000)
Unrecognized deferred tax assets	$ 256,400	$ 159,400

The Company’s deferred tax assets (liabilities) presented above have been presented on a gross basis and have not been tax effected. The Company has approximately $614,000 of losses for tax purposes which may be used to reduce income taxes of future years and will expire from 2027 to 2032.

7. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

Under IFRS, financial instruments are classified into one of the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale or other financial liabilities.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	August 31 2012 $	November 30 2011 $	December 1 2010 $
Cash and cash equivalents - FVTPL	39,926	94,798	276,985
Long term investments – FVTPL	2,964,108	3,002,408	2,963,322
Accounts payable - Other financial liabilities	12,027	25,298	18,898

The estimated fair values of cash and cash equivalents and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Investments are carried at fair value of the investments.

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

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

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

7. FINANCIAL INSTRUMENTS AND RISK (continued)

The following table presents the Company's financial instruments, measured at fair value on the statements of net assets and categorized into levels of the fair value hierarchy:

	Balance at August 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Cash and cash equivalents	39,926	39,926	-	-
Investments	2,964,108	-	2,964,108	-

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash and cash equivalents balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and cash equivalents consist of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company's ability to raise capital to fund operations and investments is subject to risks associated with fluctuations in the stock market. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to identify and to invest in investments with long-term growth potential, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets.

The Company's investment policy is to invest in early stage technology companies that are focused on the production or conservation of energy or energy efficiency improvements. Management looks to assets that will grow in value in the future and create growth in income over time.

The Company expects its current capital resources will be sufficient to carry its operations through its 2012 fiscal year.

9. TRANSITION TO IFRS

For all periods up to and including the year ended November 30, 2011, the Company prepared its financial statements in accordance with CGAAP. The unaudited interim financial statements as at and for the nine months ended August 31, 2012 are the third that the Company has prepared in accordance with IFRS.

In preparing these interim financial statements, the opening statement of net assets was prepared as at December 1, 2010, the Company's date of transition to IFRS. This note explains the principal adjustments made in restating the previous CGAAP net assets as at December 1, 2010 and its previously published CGAAP financial statements for the nine months ended August 31, 2011 and as at November 30, 2011.

Exemptions

IFRS 1, First-Time Adoption of International Financial Reporting Standards allows first time adopters certain exemptions from the retrospective application of IFRSs. The Company has elected to apply the following exemptions:

IFRS 2 Share-based Payment has not been applied to the options issued under the Stock Option Plans that were vested prior to January 1, 2010.

Designation of previously recognized financial instruments - IFRS 1 provides an exemption that permits a first-time adopter to designate financial assets and liabilities as at fair value through profit or loss or as available-for-sale at the date of transition to IFRS. The Company has elected to use this option and has designated all its investments as carried at fair value through profit and loss.

Estimates

IFRS 1 does not permit changes to estimates previously made. Accordingly, estimates used at the Transition Date are consistent with estimates made at the same date under Canadian GAAP.

Reconciliations:

The reconciliations between the previously reported financial results under CGAAP and the current reported financial results under IFRS are provided as follows:

9. TRANSITION TO IFRS (continued)

	December 1, 2010		
	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS			
Cash and cash equivalents	276,985	–	276,985
Investments	2,963,322	–	2,963,322
	3,240,307	–	3,240,307
LIABILITIES			
Accounts payable and accrued liabilities	18,989	–	18,989
Deferred income tax liability	2,879	–	2,879
	21,777		21,777
NET ASSETS	3,218,530		3,218,530
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	2,733,883	–	2,733,883
CONTRIBUTED SURPLUS	110,620	(110,620)	–
SHARE-BASED PAYMENT RESERVE	–	110,620	110,620
RETAINED EARNINGS	374,027	–	374,027
	3,218,530	–	3,218,530

The amount previously reported as contributed surplus has been reclassified to share-based payment reserve for presentation purposes

9. TRANSITION TO IFRS (continued)

	November 30, 2011		
	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS			
Cash and cash equivalents	94,798	–	94,798
Investments	3,002,408	–	3,002,408
	3,097,206	–	3,097,206
LIABILITIES			
Accounts payable and accrued liabilities	25,298	–	25,298
NET ASSETS	3,071,908		3,071,908
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	2,733,883	–	2,733,883
CONTRIBUTED SURPLUS	170,248	170,248	–
SHARE-BASED PAYMENT RESERVE	–	(170,248)	170,248
RETAINED EARNINGS	167,777	–	167,777
	3,071,908	–	3,071,908

No reconciliation is required for the statement of cash flows and statements of comprehensive loss as there are no differences.