MORRO BAY CAPITAL LTD.

Condensed Interim Financial Statements

(Unaudited – Prepared by Management)

June 30, 2013

NOTICE OF NO AUDIT OR 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 interim 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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MORRO BAY CAPITAL LTD.
Statements of Financial Position
(stated in Canadian dollars)

	June 30, 2013 $	September 30, 2012 $
ASSETS		
Current		
Cash	**2,520,966**	200,938
Deferred financing fees	**-**	14,062
Total assets	**2,520,966**	215,000
LIABILITIES		
Current		
Accounts payable and accruals	**3,449**	11,565
SHAREHOLDERS' EQUITY		
Equity instruments (Note 5)	**2,583,131**	215,000
Share based payment reserve	**12,547**	-
Deficit	**(78,160)**	(11,565)
Total equity	**2,517,518**	203,435
Total liabilities and equity	**2,520,966**	215,000

Signed "Ken Younger"
Ken Younger, Director

Signed "John Zang"
John Zang, Director

The accompanying notes are an integral part of these condensed interim financial statements.

MORRO BAY CAPITAL LTD.
Statement of Comprehensive Loss and Deficit
(stated in Canadian dollars)

	3 months ended June 30, 2013 $	9 months ended June 30, 2013 $
EXPENSES		
General and administrative	**261**	**54,048**
Stock-based compensation	**11,418**	**12,547**
	11,679	**66,595**
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(11,679)**	**(66,595)**
DEFICIT, BEGINNING OF PERIOD	**(66,481)**	**(11,565)**
DEFICIT, END OF PERIOD	**(78,160)**	**(78,160)**
LOSS PER SHARE (Note 5)		
Basic and diluted	**(0.000)**	**(0.005)**

The accompanying notes are an integral part of these condensed interim financial statements.

MORRO BAY CAPITAL LTD.
Statement of Changes in Equity
(stated in Canadian dollars)

	Equity instruments $	Share based payment reserve $	Deficit $	Total shareholders' equity $
Balance at August 21, 2012	-	-	-	-
Total comprehensive loss for the period				
Net loss for the period	-	-	(11,565)	(11,565)
Transactions with owners, recorded directly in equity				
Issuance of common shares, net of share issuance costs	215,000	-	-	215,000
Balance at September 30, 2012	215,000	-	(11,565)	203,435
Total comprehensive loss for the period				
Net loss for the period	**-**	**-**	**(66,595)**	**(66,595)**
Transactions with owners, recorded directly in equity				
Issuance of common shares, net of share issuance costs	**2,226,708**	**-**	**-**	**2,226,708**
Issuance of agents' options	**141,423**	**-**	**-**	**141,423**
Stock-based compensation	**-**	**12,547**	**-**	**12,547**
Balance at June 30, 2013	**2,583,131**	**12,547**	**(78,160)**	**2,517,518**

The accompanying notes are an integral part of these condensed interim financial statements.

MORRO BAY CAPITAL LTD.
Statement of Cash Flow
(stated in Canadian dollars)

	3 months ended June 30, 2013 $	9 months ended June 30, 2013 $
CASH FLOW RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss for the period	**(11,679)**	**(66,595)**
Adjustment for:		
Stock-based compensation	**11,418**	**12,547**
	(261)	**(54,048)**
Changes in non-cash working capital		
Accounts payable and accruals	**(6,622)**	**(8,117)**
	(6,883)	**(62,165)**
FINANCING		
Issuance of common shares, net of share issuance costs	**-**	**2,382,193**
INCREASE (DECREASE) IN CASH	**(6,883)**	**2,320,028**
CASH, BEGINNING OF PERIOD	**2,527,849**	**200,938**
CASH, END OF PERIOD	**2,520,966**	**2,520,966**

SUPPLEMENTAL CASH FLOW DISCLOSURE (NOTE 9)

The accompanying notes are an integral part of these condensed interim financial statements.

1. GENERAL INFORMATION

Morro Bay Capital Ltd. ("the Company") was incorporated under the Business Corporations Act (Alberta) on August 21, 2012. The common shares of the Company trade on the TSX Venture Exchange (symbol MRW.P). The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV" or "Exchange") Corporate Finance Manual ("CPC Policy"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquiring them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the CPC Policy. The address of the registered office of the Company is 2248 - 9th Avenue SE, Calgary, Alberta, T2G 5P7.

The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of assets or businesses, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned, and, in the case of a non-arm's length transaction, by a majority of the minority shareholders. Where an acquisition is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments could be dependent upon the ability of the Company to obtain additional financing. There is also no assurance that the Company will identify a business or asset that warrants acquisition within the time limitations permissible under the policies of the Exchange. The Exchange may suspend from trading or delist the common shares of the Company should it not carry out a qualifying transaction within 24 months of the date of listing on the Exchange.

2. BASIS OF PRESENTATION

Statement of compliance
These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 2 of the audited financial statements of the Company for the period from incorporation to September 30, 2012. The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the period from incorporation to September 30, 2012. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of August 12, 2013; the date the Board of Directors approved these unaudited condensed interim financial statements.

Basis of measurement
These unaudited condensed financial statements are stated in Canadian dollars, which is the Company's functional currency, and were prepared on a going concern basis.

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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2. BASIS OF PRESENTATION (Continued)

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future Changes in Accounting Policies
The following standards have been issued but are not yet effective:

1. Amendments to IFRS 7 Financial Instruments: Disclosures. This amendment will be effective for annual period beginning on or after July 1, 2011. The amendments increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

2. IFRS 9 Financial Instruments. This new standard will be effective for annual periods beginning on or after January 1, 2013. The new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement.

Management is in the process of evaluating the impact that the adoption of these standards will have on the condensed interim financial statements of the Company in the future periods and has no current plans to early adopt any of these standards.

4. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make 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 judgments 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. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

5. EQUITY INSTRUMENTS

Authorized
Unlimited number of common voting shares
Unlimited number of preferred shares, without nominal or par value

Issued

	Shares	Amount $
Common shares		
Balance at August 21, 2012	-	-
Issued for cash to officers, directors and other founding shareholders	4,300,000	215,000
Balance at September 30, 2012	4,300,000	215,000
Issued for cash pursuant to offering	**26,679,950**	**2,667,995**
Share issuance costs	**-**	**(441,287)**
Balance at June 30, 2013	**30,979,950**	**2,441,708**
Agents' options		
Balance at August 21, 2012	-	-
No transactions	-	-
Balance at September 30, 2012	-	-
Issued pursuant to offering	**2,667,995**	**141,423**
Balance at June 30, 2013	**2,667,995**	**141,423**
Total equity instruments, June 30, 2013		**2,583,131**
Total equity instruments, September 30, 2012		215,000

Offering
Pursuant to an agency agreement dated August 29, 2012, the Company issued a prospectus that was filed with the securities commissions in Alberta, British Columbia and Ontario offering a minimum of 30,000,000 and a maximum of 40,000,000 common shares at $0.10 per share. The Company amended the Final Prospectus such that the minimum offering thereunder was reduced to $2,000,000 (20,000,000 common shares). The Company completed this offering on March 22, 2013 whereby it issued 26,679,650 common shares at gross proceeds of $2,667,995. The agent and sub-agents to the offering have received a commission of $0.01 per share resulting in a total commission of $266,799. In addition, the agent and sub-agents were paid a corporate finance fee of $32,500 and were reimbursed for their disbursements in the total amount of $565. As a result the total cash amount paid to the agents and sub-agents was 299,864. In addition, the agent and sub-agents were granted 2,667,995 agents options, at a price of $0.10 per common share, which may be exercised for a period of 24 months from the date of listing of the common shares on the TSXV.

5. EQUITY INSTRUMENTS (Continued)

Stock options
The Company has established a stock option plan for its directors, officers, employees, consultants and other personnel. The total number of common shares issuable under the Plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the plan have a term of five years and vest 1/3 on the first anniversary from the date of grant and 1/3 each of the two anniversaries thereafter. The exercise price of each option equals or exceeds the market price of the Company's common shares on the date of grant.

An amount of $11,418 was recorded during the nine months ended June 30, 2013 for amortization of the value of the options granted. The fair value of the options were estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield of $nil, expected volatility of 100%, risk-free interest rate of 2.0%, forfeiture rate of 0% and weighted average life of 5 years.

The Company has granted stock options to various officers, directors, and employees of the Company as follows:

	Number of shares	Option price per share	Weighted average exercise price	Weighted average grant date fair value
		$	$	$
Options outstanding, September 30, 2012	-	-	-	-
Granted	**1,000,000**	**0.100**	**0.100**	**0.075**
Options outstanding, June 30, 2013	**1,000,000**	**0.100**	**0.100**	**-**

The following table summarizes information about the stock options outstanding at June 30, 2013

Options outstanding	Option price	Weighted average exercise price	Weighted average remaining contractual life	Number of options currently exercisable	Weighted average exercise price of options currently exercisable
	$	$			$
1,000,000	0.100	0.100	4.73 years	-	-
1,000,000	0.100	0.100	4.73 years	-	-

5. EQUITY INSTRUMENTS (Continued)

Agents' Options
In conjunction with the Company's offering, the Company issued agents' options to purchase 2,667,995 common shares at an exercise price of $0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on TSX-V to the agent.

An amount of $141,423 was recorded as share issuance costs during the nine months ended June 30, 2013 for the estimated fair value of the agents' options granted during the period. The fair value of the agents' options were estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield of $nil, expected volatility of 100%, risk-free interest rate of 2.0%, forfeiture rate of 0% and weighted average life of 2 years.

The Company has granted agents' options as follows:

	Number of shares	Option price per share	Weighted average exercise price	Weighted average grant date fair value
		$	$	$
Warrants outstanding, September 30, 2012	-	-	-	-
Granted	**2,667,995**	**0.100**	**0.100**	**0.053**
Warrants outstanding, June 30, 2013	**2,667,995**	**0.100**	**0.100**	**-**

The following table summarizes information about the agents' options outstanding at June 30, 2013

Options outstanding	Option price	Weighted average exercise price	Weighted average remaining contractual life	Number of options currently exercisable	Weighted average exercise price of options currently exercisable
	$	$			$
2,667,995	0.100	0.100	1.73 years	2,667,995	0.100
2,667,995	0.100	0.100	1.73 years	2,667,995	0.100

5. EQUITY INSTRUMENTS (Continued)

The weighted average number of shares used in calculating net loss per share is as follows.

	For the three months ended June 30, 2013	For the nine months ended June 30, 2013
Weighted average common shares outstanding - basic and diluted	**30,979,950**	**14,072,875**

As the Company is in a loss position, basic weighted average common shares outstanding equals diluted weighted average common shares outstanding. Diluted loss per share has not been disclosed as the effect would be anti-dilutive and as such, 1,000,000 options and 2,667,995 agents' options have been excluded from the diluted weighted average common shares.

6. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a purchase of assets or a business. To meet this objective, the Company intends to offer common shares to the public.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at the period end. Subsequent to listing the common shares of the Company on the TSXV, a maximum of 30% of the gross proceeds from the sale of securities to a maximum of $210,000 may be used for purposes other than evaluating businesses or assets.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The fair values of financial assets and financial liabilities approximate carrying value due to the short-term nature of these instruments.

8. RELATED PARTY TRANSACTION

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Except as disclosed elsewhere in these financial statements, the Company had the following related party transaction:

a) During the period ended June 30, 2013, an officer of the Company paid $1,077 (September 30, 2012 - $565) of general and administrative expenses on behalf of the Company.

9. SUPPLEMENTAL CASH FLOW DISCLOSURE

Agents' options
During the period ended June 30, 2013, 2,667,995 agents' options valued at $141,423 were issued as share issuance costs regarding the March 22, 2013 offering (Note 5).

MORRO BAY CAPITAL LTD.

THE ATTACHED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE

Management Discussion and Analysis as of August 12, 2013

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward- looking statements. In addition, these forward-looking statements relate to the date on which they were made. See notes to the financial statements regarding going concern, commitments, contingencies, legal matters, and other matters, which could materially affect the Company's future business, results of operations, financial position and liquidity.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements for the period ended June 30, 2013 and the audited financial statements for the period from incorporation to September 30, 2012 and the notes contained therein, of Morro Bay Capital Ltd. (the "Company"). This MD&A covers the period ended June 30, 2013 and the subsequent period up to the date of filing.

The unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim financial statements follow the same accounting policies and methods of application as our most recent audited financial statements and do not include all of the information required for full audited financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com.

Corporate Overview

Morro Bay Capital Ltd. was incorporated under the *Business Corporations Act* (Alberta) on August 21, 2012 and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business, subject to receipt of shareholder approval and acceptance by regulatory authorities that will meet the definition of a "Qualifying Transaction" ("QT") as defined in Policy 2.4 of the TSX-V. The head office and registered office of the Company is located at 2248 -9th Avenue SE, Calgary, Alberta T2G 5P7.

Pursuant to an agency agreement dated August 29, 2012, the Company issued a prospectus that was filed with the securities commissions in Alberta, British Columbia and Ontario offering a minimum of 30,000,000 and a maximum of 40,000,000 common shares at $0.10 per share. The Company amended the Final Prospectus such that the minimum offering thereunder was reduced to $2,000,000 (20,000,000 common shares). The Company completed this offering on March 22, 2013 whereby it issued 26,679,650 common shares at gross proceeds of $2,667,995. The agent and sub-agents to the offering have received a commission of $0.01 per share resulting in a total commission of $266,799. In addition, the agent and sub-agents were paid a corporate finance fee of $32,500 and were reimbursed for their disbursements in the total amount of $565. As a result the total cash amount paid to the agents and sub-agents was 299,864. In addition, the agent and sub-agents were granted 2,667,995 agents options, at a price of $0.10 per common share, which may be exercised for a period of 24 months from the date of listing of the common shares on the TSXV.

On March 22, 2013, the Company granted to the directors and officers of the Company, 1,000,000 non-transferable options to purchase common shares of the Company at a price of $0.10 per common share, which may be exercised for a period of five years from the date of grant.

Overall Performance

The Company has no active business at this time. The ability of the Company to continue to operate as a going concern is dependent on its ability to ultimately operate its business at a profit. To date, the Company has not generated any revenues from operations and may require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits. As at June 30, 2013, the Company had an accumulated deficit of $78,160 since inception.

Trend Analysis

The business of the Company entails significant risks.

Until the completion of a Qualifying Transaction (a "QT"), operations of the Company will be limited to the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business. The completion of any such transaction will be subject to compliance with applicable TSX-V Rules.

The Company's future capital requirements will depend on many factors, including its ability to complete a QT, competition and global market conditions. The Company's potential recurring operating losses and working capital needs may require that it obtain additional capital to operate its business. Such outside capital will include the sale of additional common shares.

There can be no assurance that capital will be available as necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders.

Selected Financial Data

	For the three months ended June 30, 2013	**For the nine months ended June 30, 2013**	Period from incorporation to September 30, 2012
Total revenue	**$ -**	**$ -**	$ -
Net loss	**$ 11,679**	**$ 66,595**	$ (11,565)
Total assets	**$ 2,520,966**	**$ 2,520,966**	$ 215,000
Common shares issued	**30,979,950**	**30,979,950**	4,300,000
Weighted average shares outstanding			
Basic	**30,979,950**	**14,072,875**	2,150,000
Diluted	**30,979,950**	**14,072,875**	2,150,000

Results of Operations
The Company was only recently incorporated and therefore, has no historical, comparative reference points for operating losses. The initial losses cover the period of formation and the regulatory process relating to the IPO.

Fluctuations in Results
Three months ended June 30, 2013
During the three month period ended June 30, 2013 the Company expended $261 on corporate activities. The expenditures were related to the corporate filing fees.

Nine months ended June 30, 2013
During the nine month period ended June 30, 2013 the Company expended $54,048 on corporate activities. The expenditures were related to the preparation of the IPO Prospectus, and the associated costs required in becoming a Reporting Issuer.

During the period the most significant expenses were the fees paid to the TSX Venture fees of $25,000 and securities commission filing fees in the amount of $9,770. The Company also paid audit fees totaling $19,367.

Period from incorporation to September 30, 2012
During the period the Company proceeded to revise its structure so as to allow for it to proceed with the IPO. The most significant expenses were the corporate finance fee of $6,250 to the IPO Agent, and the advance payment of $7,500 to the Agent for anticipated reimbursement of its expenses, including the Agent's legal fees.

Liquidity and Capital Resources
As at June 30, 2013 the Company had accumulated losses totaling $78,160. The Company had working capital of $2,517,517 at June 30, 2013 compared with $203,435 as at September 30, 2012. The continuation of the Company is dependent upon the successful completion of the Company's QT, continued financial support of shareholders, its ability to raise capital through the issuance of its securities, as well as obtaining long-term financing. As at June 30, 2013 the Company had cash of $2,520,966.

Additional Disclosure for Venture Issuers Without Significant Revenue
The business of the Company entails significant risks, and an investment in the securities of the Company should be considered highly speculative. An investment in the securities of the Company should only be undertaken by persons who have sufficient financial resources to enable them to assume such risks. The following is a general description of all material risks, which can adversely affect the business and in turn the financial results, ultimately affecting the value of an investment the Company.

The Company has no significant revenues. The Company has limited funds.

There is no assurance that the Company can access additional capital.

There is no assurance that the Company will be successful in locating a QT, and once located completing a QT.

Certain of the Company's directors and officers serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest.

The Company has a history of operating losses and may have operating losses and a negative cash flow in the future.

Off-Balance Sheet Arrangements
There are no off-balance sheet arrangements.

Related Party Transactions
During the period ended June 30, 2013, an officer of the company paid $1,077 (September 30, 2012 - $565) of general administrative expenses on behalf of the Company.

Critical Accounting Estimates
The preparation of the financial statements in conformity with IFRS requires management to make 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 judgments 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. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Future Changes in Accounting Policies
The following standards have been issued but are not yet effective:

1. Amendments to IFRS 7 Financial Instruments: Disclosures. This amendment will be effective for annual period beginning on or after July 1, 2011. The amendments increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

2. IFRS 9 Financial Instruments. This new standard will be effective for annual periods beginning on or after January 1, 2013. The new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement.

Management is in the process of evaluating the impact that the adoption of these standards will have on the condensed interim financial statements of the Company in the future periods and has no current plans to early adopt any of these standards.

Disclosure Controls and Procedures
Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and that (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing Venture Issuer Basic Certificate are not making any representations relating to the establishment and maintenance of:

controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of the Company to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Share Capital Data
The following table sets forth the Company's share capital data as at August 12, 2013.

Common shares, issued and outstanding	**30,979,950**
Stock options outstanding	**1,000,000**
Warrants outstanding	**2,667,995**

Further Information
Additional information about the Company is available at the Canadian disclosure website www.sedar.com.