County Line Energy Corp.

(an Exploration Stage Company)

Consolidated Financial Statements
For the years ended December 31, 2011 and 2010

Index to Financial Statements

Unaudited – Prepared by Management)

County Line Energy Corp.
(an Exploration Stage Company)
Consolidated Balance Sheet
(Unaudited - Prepared by Management)

Assets

		Dec 31, 2011	Dec 31 2010
Current assets			
Cash and cash equivalents	$	**96**	226
Reclamation deposit		**29,115**	29,145
		29,211	29,371
Fixed assets			
Computer		**4,011**	4,011
Vehicle		**14,505**	14,505
		18,516	18,516
Less: depreciation		**(15,864)**	(14,503)
		2,652	4,013
Other Assets			
Oil and gas properties		**707,165**	791,455
	$	**739,028**	824,839

Liabilities and Stockholders' Equity (Deficiency)

		Dec 31, 2011	Dec 31 2010
Current liabilities			
Accounts payable and accrued liabilities	$	**143,921**	142,416
Loans payable		**-**	50,000
Due to director		**55,410**	29,783
Stock payable		**87,000**	55,000
		286,331	277,199
Stockholders' equity (deficiency)			
Capital Stock			
Common shares:		**59,801**	59,801
Authorized - 800,000,000 shares, par value $0.001			
Issued - 59,800,354 shares (2009 = 43,971,504)			
Additional paid-in capital		**1,822,549**	1,822,549
Deficit accumulated during the exploration stage		**(1,431,475)**	(1,335,236)
Unrealized foreign exchange gain		**1,822**	526
		452,697	547,640
	$	**739,028**	824,839

See Notes to Financial Statements

County Line Energy Corp.
(An Exploration Stage Company)
Consolidated Statement of Operations
(Unaudited - Prepared by Management)

	Year ended December 31 2011	Year ended December 31 2010	Inception Feb 5,1998 to December 31 2011
Revenues	$ **-**	-	$ -
Operating expenses			
Write off natural resource investments	**-**	150,563	400,589
Administration and other	**96,545**	91,221	1,123,600
Operating loss	**(96,545)**	(241,784)	(1,524,189)
Other income			
Interest	**306**	189	596
Debts settled for less than face amount	**-**	92,118	92,118
Loss before Provision for income taxes	**(96,239)**	(149,477)	(1,431,475)
Provision for Income Taxes	**-**	-	-
Net Loss for the years	$ **(96,239)**	(149,477)	$ (1,431,475)
Net loss per share:	*($0.002)*	*($0.003)*	
Weighted average number of shares outstanding	*59,800,354*	*51,885,929*	

See Notes to Financial Statements

County Line Energy Corp.

(An Exploration Stage Company)

Consolidated Statement of Stockholders' Equity and Comprehensive Income

(Unaudited - Prepared by Management)

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Accumulated Deficit	Unrealized foreign exchange	Total
Balance December 31, 2005	5,496,438	5,496	281,004	(449,764)		$ (163,264)
8-for-1 stock split May 15, 2006	38,475,066	38,476	(38,476)			-
Net loss				(204,711)		(204,711)
Balance December 31, 2006	43,971,504	$ 43,972	242,528	(654,475)		$ (367,975)
Net loss				(277,671)		(277,671)
Balance December 31, 2007	43,971,504	$ 43,972	242,528	(932,146)		$ (645,646)
Net loss				(178,419)		(178,419)
Unrealized foreign exchange gain					31,029	31,029
Balance December 31, 2008	43,971,504	$ 43,972	242,528	(1,110,565)	31,029	$ (793,036)
Net loss				(75,194)		(75,194)
Balance December 31, 2009	43,971,504	$ 43,972	242,528	(1,185,759)	31,029	$ (868,230)
Shares issued	15,828,850	15,829	1,580,021			1,595,850
Net loss				(149,477)		(149,477)
Unrealized foreign exchange loss					(30,503)	(30,503)
Balance December 31, 2010	59,800,354	$ 59,801	1,822,549	(1,335,236)	526	$ **547,640**
Net loss				(96,239)		(96,239)
Unrealized foreign exchange gain/loss					1,296	1,296
Balance December 31, 2011	59,800,354	$ 59,801	1,822,549	(1,431,475)	1,822	$ **452,697**

See Notes to Financial Statements

County Line Energy Corp.

(An Exploration Stage Company)

Consolidated Statement of Cash Flows

(Unaudited - Prepared by Management)

	Year ended December 31		Inception Feb 5, 1998 to December 31
	2011	2010	2011
Operating activities			
Net loss	$ **(96,239)**	(149,477)	$ (1,431,475)
Non-cash adjustments			
Exploration and development	**-**	150,563	358,828
Depreciation	**1,361**	2,129	15,863
Adjustments to reconcile Net Loss to net cash used			
Common stock issued for debt, expenses, and investments	**-**	-	185,200
Reclamation deposit	**30**	(1,327)	(29,115)
Accounts payable	**1,505**	(47,924)	143,921
Due to related parties	**25,627**	25,282	55,410
Unrealized foreign exchange gain/loss	**1,296**	(30,503)	1,822
	(66,420)	(51,257)	(699,546)
Investing activities			
Purchase of mineral rights	**-**	-	(15,100)
Expenditures/recoveries on natural resource properties (net)	**84,290**	(8,154)	(1,050,893)
Purchase of fixed assets	**-**	-	(18,515)
	84,290	(8,154)	(1,084,508)
Financing activities			
Loans payable	**(50,000)**	30,000	-
Stock subscriptions received	**32,000**	20,000	1,784,150
	(18,000)	50,000	1,784,150
Increase (decrease) in cash	$ **(130)**	(9,411)	$ 96
Balance - beginning of period	**226**	9,637	-
Cash at end of period	$ **96**	226	$ 96

See Notes to Financial Statements

County Line Energy Corp.

(an Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2011 and 2010

(Unaudited – Prepared by Management)

1. **Nature and continuance of Operations**

County Line was incorporated on February 5, 1998 in the State of Nevada. The Company was originally incorporated as Bio-Safe Technologies, Inc. and was in the business of acquiring and developing certain mineral rights in Canada. Subsequently, the name was changed to Nubio Ventures in August 2001, to County Line Resources, Inc. in March 2005, and finally to County Line Energy Corp. in May 2006.

In 2006 the Company formed a wholly-owned subsidiary, County Line (Canada) Inc., in the Province of Alberta, Canada. This company is permitted to act as operator in its oil and gas exploration activities.

The Company operations are in the exploration stage and it has not yet generated any revenue. Future issuances of the Company's equity or debt securities will be required in order for the Company to continue to finance its operations and remain a going concern.

The Company has been in the exploration stage since its form1ation and has not yet realized and revenues from its planned operations. It is primarily engaged in the acquisition, exploration, and d development of oil and gas properties. Upon the location of commercially drillable reserves, the Company plans to prepare for extraction and enter the development stage. To date, the exploration stage of the Company's operations consists of the contracting with specialists to sample and assess the viability of the Company's claims.

2. **Summary of Significant Accounting Policies**

These financial statements have been prepared assuming that the Company will continue as a going concern which contemplates, among other things, the realization of assets and the satisfaction of liabilities in the normal course of business. Additional financing is needed for the successful completion of County Line's contemplated plan of operations and its transition, ultimately, to the attainment of profitable operations. The Company's ability to raise additional equity or debt financing is unknown. The inability to resolve these factors raise substantial doubts about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that may result from the outcome of the aforementioned uncertainties.

Basis of Presentation

These unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and are presented in U.S. dollars The Company reports revenues and expenses using the accrual method of accounting for financial and income tax purposes.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Foreign Currency Translation

For County Line's operations in countries where the functional currency is other than the U.S. dollar, revenue and expense accounts are translated at the average rates during the year, and balance sheet items are translated at year-end rates. Gains and losses realized from foreign currency transactions are included in net income. Translation adjustments arising from the use of differing exchange rates from year to year are included as a component of comprehensive income.

Cash and Cash Equivalents

County line considers all investments with an original maturity of three months or less to be a cash equivalent.

Oil and Gas Producing Activity

The Company follows the full cost method of accounting for oil and gas operations whereby all costs associated with the exploration for and development of oil and gas reserves, whether productive or non-productive, are capitalized. Such expenditures include land acquisition costs, drilling, exploratory dry holes, geological and geophysical costs not associated with specific unevaluated property, completion and costs of well equipment. Internal costs are capitalized only if they can be directly identified with acquisition, exploration, or development activities.

Expenditures that are considered to be unlikely to be recovered are written off. On a quarterly basis the board of Directors assesses whether or not there is an asset impairment. The current oil and gas exploration and development activities are considered to be in the exploration stage.

The costs of unproven leases, which become productive, are reclassified to proven properties when proven reserves are discovered in the property. Unproven oil and gas interests are carried at original acquisition costs including filing and title fees. Depreciation and depletion of the capitalized costs for producing oil and gas properties will be provided by the unit-of-production method based on proven oil and gas reserves.

Abandonment of properties is recognized as an expense in the period of abandonment and accounted for as an adjustment of capitalized costs.

Depreciation, Amortization, and Capitalization

The Company records depreciation and amortization when appropriate using both straight-line and declining-balance methods over the estimated useful life of the assets (five to seven years).

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized. Property sold or retired, together with the accumulated depreciation, is removed from the appropriate accounts and the resultant gain or loss is included in net income.

Comprehensive income

Comprehensive income comprises net income and other gains and losses affecting stochkholders' equity that are excluded from net income, such as unrealized gains and losses on investments and foreign exchange.

Income Taxes

Deferred income taxes are provided for temporary differences between the GAAP and tax-reporting amounts of assets and liabilities. However, if it is more likely than not that the Company will not realize the tax asset through future operations, no benefit is recorded.

Fair value of Financial Instruments

Financial Accounting Standards Statement No. 107, "Disclosure About Fair Value of Financial Instruments", requires the Company to disclose, when reasonably attainable, the fair market value of its assets and liabilities which are deemed to be financial instruments. The Company's financial instruments consist primarily of cash and certain investments.

Revenue Recognition
County Line recognizes oil and gas revenue from its interests in producing wells as oil and gas is produced and sold from those wells. The Company has no gas balancing arrangements in place.

Earnings (Loss) per Share
Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share is similar to the calculation of basic earnings per share, except for the inclusion of all potentially dilutive securities. In the case of a loss, however, they are excluded from the calculation because their effect is antidilutive.

The quantity of previously issued shares used to calculate earnings per share is adjusted to give effect to any stock splits and rollbacks.

3. Recent Accounting Pronouncements

During the year, FASB updated the following accounting standard-setting activities:
- new disclosures for multinemployer pension plans,
- simplified guidance for testing goodwill impairment,
- a reduction in the presentation options for comprehensive income,
- a revised proposal to recognize patient income and bad debts for health-care companies,
- clarification of accounting for troubled debt restructuring, and
- beginning 2012, disclosure of more information about items measured at fair value.

Current US GAAP allows reporting entities three alternatives for presenting comprehensive income and its components in financial statements. This is reduced to two to facilitate comparison between US GAAP and International Financial Reporting Standards. The company already conforms.

It is not expected that the other measures will be applicable to County Line.

4. Oil and Gas Properties

Hayter Prospect
In August 2006 the Company signed a participation agreement to explore a heavy oil prospect near Hayter, Alberta, Canada. Under the agreement, County Line was to pay 100% of the costs to earn an 80% interest before pay out (60% after pay out) in the oil, 80% BPO and 48% APO in the gas, and a 100% interest in the Test Well spacing unit. By the end of 2006 a 3-D seismic was completed and, early in 2007, a test well was completed to casing.

In 2007 County Line retired the promissory note derived from a previous project by exchanging a 20% working interest participation in the completion of the Hayter well.

In early 2009 the Alberta Energy and Utilities Board required a reclamation bond of C$29,000 (US$27,129) related to the Hayter Prospect. Force Energy Corp., who already owned 25% of the Hayter well, funded this increase in return for an additional 25% of our interest. The Company is now 50 – 50 with Force Energy Corp.
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In 2011, the company sold a non-exclusive use of the 3D seismic data for $84,290 (see Note 5)

Hayter Prospect (cont'd)

Hayter costs to date:	Costs	Expense
Acquistion and development costs	$1,016,393	
Settlement of promissory note	-	(111,144)
Exchanged a 20% interest - cost	(224,938)	224,938
Sale of seismic data	(84,290)	-
, Net carrying cost	$ 707,165	$113,794

Consort prospect

A farmout agreement to participate in a gas well near Consort, Alberta, Canada was signed in October 2006. County Line's interest was 42.5% BPO and 23.37% APO. The Consort well was drilled in December 2006 but the results did not warrant well completion and it was plugged. However, the Company retained a 37.5% working interest in 2.75 sections of land. However, in a settlement with suppliers County Line relinquished its interest and wrote it off in 2010.

Consort costs written off: $ 150,563.

5. Loans payable

Loans payable is an agreement dated March 1, 2010 covering the advance of $50,000. Under the Working Capital Loan Agreement the lender agreed to provide working capital up to $100,000. In return the Company irrevocably granted the lender the exclusive right to all revenues from the sale of the Hayter property data for a period of five years. Any amount paid the lender shall be deducted from the amount of the loan outstanding at December 31, 2010 and all outstanding amounts at March 1, 2015 shall be paid by County Line in the Company's common shares at the average trading price of such shares for the month of February 2015.

In 2011 a copy of the data set was sold for C$86,819 ($84,290) resulting in a charge to interest of $34,290.

5. Capital Stock

Effective March 18, 2005 there was a 1 for 5 stock rollback the result of which was that County Line's outstanding shares of common stock with a par value of $0.001 per share decreased from 27,482,031 shares outstanding to 5,596,438 shares issued and outstanding.

On May 15, 2006 the Company completed an 8 for 1 stock split. The Company's authorized capital increased from 100,000,000 common shares with a par value of $0.001, of which 5,496,438 were issued and outstanding, to 800,000,000 common shares with a par value of $0.001, of which 43,971,504 were issued and outstanding.

After the March 2005 stock roll back, County Line received the following share subscriptions for shares that were issued in 2010.

Year	Shares		Amount
2005	342,000	$0.25	$ 85,500
2006	132,000	0.25	33,000
	817,350	1.00	817,350
2007	1,000,000	0.20	200,000
	2,000,000	0.10	200,000
	1,437,500	0.08	115,000
	2,100,000	0.05	105,000
2008	8,000,000	0.005	40,000
Total	15,828,850		$ 1,595,850

After the above shares were issued, further share subscriptions were received for 17,400,000 shares at $0.005: $35,000 in 2009, $20,000 in 2010, and $32,000 in 2011.

There are no options or warrants outstanding.

6. Provision for Income Taxes

No deferred tax asset has been recorded as it is not considered more likely than not that a tax benefit will be realized from the Company's tax losses carried forward.

7. Related parties

The management fees were paid to Company directors.4

County Line Energy Corp.

(An Exploration Stage Company)

Consolidated Schedule of Operating Expenses

(Unaudited - Prepared by Management)

	For the year ended December 31		Inception to Feb 5, 1998 to December 31
	2011	2010	2011
Operating expenses			
Accounting and audit	$ **4,751**	4,384	$ 34,638
Advertising	**-**	-	19,055
Automobile	**4,104**	4,809	54,937
Consulting	**-**	-	3,078
Exploration and development	**-**	150,563	400,589
Foreign exchange	**957**	4,002	(4,016)
Insurance	**-**	-	6,864
Interest	**35,896**	-	46,733
Investor relations	**-**	-	21,616
Legal	**360**	-	109,418
Management fees	**24,000**	42,624	338,484
Office expenses	**8,377**	12,438	85,737
Property rights	**-**	-	55,749
Regulatory expenses	**3,598**	7,329	39,897
Rent and occupancy costs	**-**	-	93,346
Telephone and communication	**7,742**	8,757	71,133
Travel & entertainment	**6,760**	6,878	146,931
	$ **96,545**	241,784	$ 1,524,189

See Notes to Financial Statements