CANFE VENTURES LTD.
(A Capital Pool Company)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

March 31, 2010

CANFE VENTURES LTD.
(A Capital Pool Company)

Index to Financial Statements

For the Year Ended March 31, 2010

NOTICE TO READER

CANFE VENTURES LTD.

(A Capital Pool Company)

The accompanying unaudited interim financial statements of Canfe Ventures Ltd. (the "Company") for the three months ended March 31, 2010 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the auditors of the Company.

CANFE VENTURES LTD.
(A Capital Pool Company)

BALANCE SHEETS
(Expressed in Canadian Dollars)

		As at March 31, 2010		As at December 31, 2009
ASSETS				
Current Assets				
Cash	$	66,016	$	76,467
GST Receivable		575		3,525
Prepaid expenses		163		556
Total Current Assets		66,754		80,548
TOTAL ASSETS	$	66,754	$	80,548
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	1,097	$	600
Total Current Liabilities		1,097		600
SHAREHOLDERS' EQUITY				
Share capital (Note 3)		355,923		355,923
Contributed surplus (Note 5)		27,944		27,944
Deficit		(318,210)		(303,919)
Total Shareholders' Equity		65,657		79,948
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	66,754	$	80,548

NATURE OF OPERATIONS - Note 1

Approved by the Board:

"Robert Bick" Director   *"Lawrence Dick"* Director
Robert Bick   *Lawrence Dick*

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

CANFE VENTURES LTD.
(A Capital Pool Company)

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Expressed in Canadian Dollars)

		Three months ended March 31, 2010		Three months ended March 31, 2009
EXPENSES				
Accounting and Legal	$	9,350	$	30,516
Interest and Bank Charges		126		148
Meals and Entertainment		-		219
Office and Miscellaneous		11		118
Transfer Agent and Filing Fees		4,804		11,098
Travel		-		2,910
Loss before other income		(14,291)		(45,009)
Deficit, beginning of period		(303,919)		(183,183)
Deficit, end of period	$	(318,210)	$	(228,192)
Basic and diluted loss per share	$	(0.003)	$	(0.009)
Weighted average number of common shares outstanding - basic and diluted		5,262,275		5,262,275

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

CANFE VENTURES LTD.
(A Capital Pool Company)

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Three months ended March 31, 2010		Three months ended March 31, 2009
OPERATING ACTIVITIES				
Net loss for the period	$	(14,291)	$	(45,009)
Changes in non-cash operating working capital:				
(Increase) decrease in account receivable		-		(1,540)
Increase (decrease) in account payable and accrued liabilities		497		(54,758)
(Increase) decrease in deferred transaction costs		-		(48,343)
Increase (decrease) in prepaid expenses		393		-
Increase (decrease) in GST receivable		2,950		-
Net cash flows used in operating activities		(10,451)		(149,651)
Increase (decrease) in cash		(10,451)		(149,651)
CASH, BEGINNING OF PERIOD		**76,467**		**274,087**
CASH, END OF PERIOD	**$**	**66,016**	**$**	**124,436**

Supplemental disclosure with respect to cash flows:

Interest paid in cash	$	-	$	-
Income tax paid in cash	$	-	$	-

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

1. NATURE OF OPERATIONS

Canfe Ventures Ltd. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on January 14, 2008. On June 16, 2008, the Company completed its initial public offering of 3 million common shares at a price of $0.10 per share for gross proceeds of $300,000 (the "IPO"). On June 18, 2008, the Company officially began trading on the TSX Venture Exchange (the "Exchange") under the Exchange's capital pool program with the stock symbol "FEY.P".

As at March 31, 2010, the Company has no business operations and its only assets are cash, GST receivable and prepaid expenses. The Company has not generated any revenues and has incurred losses of $318,210 since inception. In view of these conditions, the ability of the Company to continue as a going concern depends upon the injection of a successful project, achieving a profitable level of operations and also on the ability of the Company to obtain necessary financing to fund ongoing operations. The Company's ability to achieve these objectives cannot be determined at this time.

As a capital pool company (the "CPC"), the Company's principal business is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. Where an acquisition or participation (the "Qualifying Transaction") is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Under the CPC policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates and assumptions used. Areas requiring significant management estimates relate to the expected tax rates for future income tax recoveries. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of issuance to be cash equivalents. As of March 31, 2010, the Company did not have any cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

(d) Loss Per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(e) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the carrying amount and tax bases of various assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets unless it is more likely than not that the Company will realize the benefits of its future income tax assets.

(f) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date.

(g) Stock-Based Compensation

The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870 "Stock-based Compensation and Other Stock-based Payments". When stock or stock options are issued to non-employees, compensation expense is recognized based on the fair value of the stock or stock options issued as determined using the Black Scholes option pricing model. There are 537,725 stock options outstanding at March 31, 2010.

(h) Comprehensive Income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, when applicable, the Company's financial statements will include a statement of comprehensive income/loss and a new category, accumulated other comprehensive income/loss, will be added to the shareholders' equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. There were no such components to be recognized in comprehensive income for the period ended March 31, 2010.

(i) Capital Management

The standard requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. The Company does not expect the impact of this section on the financial statements to be significant. The impact of this section is disclosed in Note 7 of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

(j) Financial Instruments – Disclosures

In June 2009, the CICA amended Section 3862, Financial Instruments - Disclosures. These amendments are applicable to financial statements relating to the Company's annual financial statements ending on March 31, 2010. The amendments provide for additional disclosure requirements about fair value measurements of financial instruments and enhanced liquidity risk disclosure requirements for publicly accountable enterprises. The additional required disclosures are included in Note 6 of these financial statements.

(k) Adoption of New Accounting Standard

Effective January 1, 2009, the Company adopted the CICA account standard, Goodwill and Intangible Assets ("Section 3064"), which replaces Section 3062, Goodwill and Other Intangible Assets ("Section 3062") and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new sections had no material change to the Company's financial position or results of operation.

(l) Recently issued accounting pronouncements

In February 2008, the Accounting Standards Board (AcSB) confirmed that Canadian public companies will have to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. IFRS will replace Canada's current generally accepted accounting principles. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company anticipates implementation of these standards in its first quarter of fiscal year 2011 and is currently evaluating the impact this new framework will have on its financial statements.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations". This new section will only have an impact on the Company's financial statement for future acquisitions upon completion of its Qualifying Transaction.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

(l) Recently issued accounting pronouncements (CONT'D…)

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its financial statements.

In December 2009, the CICA issued EIC 175, Multiple Deliverable Revenue Arrangements, replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

3. SHARE CAPITAL

SHARE CAPITAL Authorized:

- Unlimited number of common shares

	Number of Shares	Amount
Issued for cash at $0.05 pursuant to share subscriptions [see note (i)]	2,200,000	$ 110,000
Issued for cash proceeds pursuant to initial public offering [see note (ii)]	3,000,000	300,000
Issued for cash proceeds pursuant to IPO agent's options [see note (iii)]	62,275	6,227
Reclassified from contributed surplus for agent's options exercised	-	2,190
Share issuance costs	-	(62,494)
Balance, March 31, 2010	5,262,275	$ 355,923

3. SHARE CAPITAL (CONT'D…)

(i) The 2,200,000 issued and outstanding shares of the Company are subject to an escrow agreement pursuant to policies of the Exchange. Under terms of the escrow agreement, 10% of the escrowed shares will be released from escrow upon the issuance of the Exchange bulletin accepting the Company's Qualifying Transaction (the "Initial Release") and an additional 15% will be released on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. Shares held in escrow will be cancelled should the Company fail to complete its Qualifying Transaction or become de-listed. As of March 31, 2010, all of 2,200,000 seed shares remained in escrow.

(ii) The Company closed a prospectus offering on June 16, 2008 for 3,000,000 common shares of the Company at a price of $0.10 per common share for aggregate gross proceeds of $300,000. Expenses of the issue were $50,500 giving net proceeds of $249,500. 50,000 common shares were purchased by a director of the Company which resulted in the shares being held in escrow with the same terms as per note 3(i).

(iii) On June 18, 2008, the Company granted 300,000 options to purchase common shares to the IPO agent exercisable at $0.10 per share for a period of twenty-four months from closing of the IPO. Stock based compensation of $11,994 has been recorded as share issuance costs and credited to contributed surplus during the period ended December 31, 2008. The Company uses the Black-Scholes option pricing model to value agent's options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The fair value of the agent's options granted during the period was $0.04 with the following assumptions and results: risk-free interest rate of 3.23%, dividend yield of 0%, expected volatility of 60% and expected term of 2 years. On November 19, 2008, the Company's IPO agent exercised 20,000 options to purchase common shares at a price of $0.10 per share. On November 28, 2008, the IPO agent exercised another 42,275 options to purchase common shares at a price of $0.10 per share. As at March 31, 2010, there were 237,725 IPO agent's options outstanding and exercisable.

4. STOCK OPTIONS

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

On June 18, 2008, the Company granted 300,000 options to purchase common shares at an exercise price of $0.10 per share to four directors of the Company for a period of sixty months from closing of the IPO pursuant to a stock option agreement. Stock based compensation of $18,140 has been recorded in the statement of operations and deficit and credited to contributed surplus in the period ended December 31, 2008. The Company uses the Black-Scholes option pricing model to value stock options which requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The fair value of the stock options granted during the period was $0.06 with the following assumptions and results: risk-free interest rate of 3.43%, dividend yield of 0%, expected volatility of 71% and expected term of 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(Expressed in Canadian Dollars)

4. STOCK OPTIONS (CONT'D…)

A summary of stock options outstanding as at March 31, 2010 is set out below:

Number of Options	Exercise Price	Expiry Date
237,725	$0.10	June 18, 2010
300,000	$0.10	June 18, 2013
537,725		

The following table discloses the reconciliation of stock options and agent's options outstanding and exercisable for the year ended March 31, 2010:

	Options	Weighted - average exercise price	Weighted - average remaining contractual life (years)
Outstanding and exercisable as at March 31, 2010	537,725	$0.10	1.89

5. CONTRIBUTED SURPLUS

The following table reconciles the Company's contributed surplus:

Stock based compensation for options granted on June 16, 2008	$30,134
Stock option exercised on November 19, 2008	(703)
Stock option exercised on November 28, 2008	(1,487)
Balance, March 31, 2010	$27,944

6. FINANCIAL INSTRUMENTS

Fair value

The Company's financial assets and liabilities consist of cash, accounts payable and accrued liabilities. The estimated fair values of cash, accounts payable and accrued liabilities approximate their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in CICA Handbook section 3862 – Financial Instruments – Disclosures:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

6. FINANCIAL INSTRUMENTS (CONT'D…)

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash which is held in large Canadian financial institution. The Company believes this credit risk is insignificant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash balance of $66,016 (2009 - $76,467) to settle current liabilities of $1,097 (2009 - $600). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.

(b) Foreign currency risk

As at March 31, 2010, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign currency risk.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify, evaluate and acquire assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange, and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the 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, acquire or dispose of assets or adjust the amount of cash.

The Company does not have any major capital expenditures committed for the coming year.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.