

PROJECT FINANCE CORP.

INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTH PERIODS
ENDED JULY 31, 2009 AND 2008**

(Unaudited)

These unaudited interim financial statements have
not been reviewed by the Company's auditor.

Project Finance Corp.

Interim Balance Sheets

As at July 31, 2009 and April 30, 2009

(in Canadian Funds - unaudited)

	July 31	April 30
	2009	2009
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 191,972	\$ 193,986
Accounts receivable	1,263	424
	<u>\$ 193,235</u>	<u>\$ 194,410</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	<u>\$ 17,876</u>	<u>\$ 11,880</u>
Shareholders' Equity:		
Share capital (Note 4)	208,071	208,071
Contributed surplus (Note 4c)	48,009	48,009
Deficit	<u>(80,721)</u>	<u>(73,550)</u>
	<u>175,359</u>	<u>182,530</u>
	<u>\$ 193,235</u>	<u>\$ 194,410</u>

Nature of Operations (Note 1)

On behalf of the Board:

Signed "Clifford Grandison" Director

Signed "Rany Ratushny" Director

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

Project Finance Corp.

Interim Statements of Loss and Deficit

For the Three Month Periods ended July 31, 2009 and 2008

(in Canadian Funds - unaudited)

	Three months ended	
	July 31	
	2009	2008
Expenses:		
Professional fees	\$ 4,154	\$ -
Transfer agent	762	-
Filing fees	3,119	-
Office and miscellaneous	60	57
	<u>8,095</u>	<u>57</u>
Loss before other item	8,095	57
Other item:		
Interest income	924	355
Net Income (Loss) and comprehensive Income (Loss) for the period	(7,171)	298
Deficit, Beginning of period	(73,550)	(180)
Retained Earnings (Deficit), End of period	\$ (80,721)	\$ 118
Net Income (Loss) per Share - Basic and Diluted	\$ -	\$ -
Weighted Average Shares Outstanding	4,000,000	92,355

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

Project Finance Corp.

Interim Statements of Cash Flows

For the Three Month Periods ended July 31, 2009 and 2008

(in Canadian Funds - unaudited)

	Three months ended	
	July 31	
	2009	2008
Cash Flows Provided by (Used in):		
Operating Activities:		
Income (Loss) for the period	\$ (7,171)	\$ 298
Changes in non-cash working capital items:		
Deferred financing costs	-	(13,250)
Accounts receivable	(839)	-
Accounts payable and accrued liabilities	5,996	(13,000)
Cash used in operating activities	<u>(2,014)</u>	<u>(25,952)</u>
Financing Activities:		
Common shares issued	-	25,000
Cash provided by financing activities	<u>-</u>	<u>25,000</u>
Change in cash and cash equivalents during the period	<u>\$ (2,014)</u>	<u>\$ (952)</u>
Cash and cash equivalents - beginning of period	<u>\$ 193,986</u>	<u>\$ 74,820</u>
Cash and cash equivalents - end of period	<u>\$ 191,972</u>	<u>\$ 73,868</u>

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

Project Finance Corp.

Notes to the Interim Financial Statements

For the Three Month Periods ended July 31, 2009 and 2008

(In Canadian Funds - Unaudited)

1. NATURE OF OPERATIONS

Project Finance Corp. (the “Company”) was incorporated on October 16, 2006 under the British Columbia Business Corporations Act. The Company intends to carry on as a “Capital Pool Company” (“CPC”) as defined by Policies of the TSX Venture Exchange (the “Exchange”) until it successfully completes a qualifying transaction.

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the year ended April 30, 2009. The accounting policies applied to the preparation of the interim unaudited financial statements are consistent with those applied to the audited financial statements for the year ended April 30, 2009 with the exception of those listed in note 2. These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the three-month period ended July 31, 2009 are not necessarily indicative of the results that may be expected for the full year ending April 30, 2010.

As at July 31, 2009, the Company has no business operations and its only asset is cash and term deposits. To date the Company has not entered into any agreements to acquire an interest in businesses or assets. As a CPC, the Company’s principal business will be the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholders’ 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 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 from the date its shares are 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. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material impact on the Company’s financial statements until it engages in a business combination.

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and 1602, Non-controlling interests, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material impact on the Company’s financial statements.

In 2008, the Accounting Standards Board issued Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Intangible Assets”, and Section 3450, “Research and Development Costs”. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company’s interim and annual financial statements commencing May 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on the Company’s financial statements.

Project Finance Corp.

Notes to the Interim Financial Statements

For the Three Month Periods ended July 31, 2009 and 2008

(In Canadian Funds - Unaudited)

2. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In February 2008, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include an investment in redeemable guaranteed investment certificates ("GIC") with interest rates of 0.04-2.85% per annum. At July 31, 2009, the fair value of the GIC's was \$184,579 (April 30, 2009 - \$183,655).

4. SHARE CAPITAL

(a) Authorized:

100,000,000 Common shares without par value

Issued and outstanding:	Number of Shares	Amount
Issued	10,000	\$ 1
Balance April 30, 2007	10,000	1
Repurchased	(10,000)	(1)
Issued	1,500,000	75,000
Balance April 30, 2008	1,500,000	75,000
Issued May 8, 2008	500,000	25,000
Issued September 3, 2008	2,000,000	200,000
Share issue costs	-	(91,929)
Balance April 30, 2009 and July 31, 2009	4,000,000	\$ 208,071

- In October 2006, the Company issued 10,000 common shares for gross proceeds of \$1.
- In April 2008, the Company repurchased the 10,000 common shares for \$1.
- In April 2008, the Company issued 1,500,000 common shares for gross cash proceeds of \$75,000.
- In May 2008, the Company issued 500,000 common shares for gross cash proceeds of \$25,000.
- In September 2008, the Company completed its initial public offering, issuing 2,000,000 common shares for gross proceeds of \$200,000, less cash issue costs of \$81,511 and non-cash issue costs of \$10,418 consisting of 200,000 agent options.

Project Finance Corp.

Notes to the Interim Financial Statements

For the Three Month Periods ended July 31, 2009 and 2008

(In Canadian Funds - Unaudited)

4. SHARE CAPITAL (continued)

(a) Authorized (continued):

- Under the terms of an escrow agreement undertaken pursuant to the terms of the Company's initial public offering, the 1,500,000 shares issued for \$75,000 and the 500,000 shares issued for \$25,000 are subjected to an escrow release schedule allowing those shares to be released from escrow as to 10% upon issue of the final exchange bulletin for a Qualifying Transaction, and as to 15% on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the issuance of final exchange bulletin, subject to a potentially longer escrow release period under certain circumstances.

(b) Stock Options:

The Company grants stock options to employees and consultants as compensation for services, pursuant to its incentive Share Option Plan (the "Plan") options issued must have an exercise price greater than or equal to the "Discounted Market Price" of the Company's stock on the grant date. Options have a maximum expiry period of up to five years from the grant date and vest at such time as may be determined by the Board of Directors at the date of the grant. Options granted to consultants performing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date.

On September 3, 2008, 400,000 options with an exercise price of \$0.10 and a term of five years were granted to directors of the Company and 200,000 options with an exercise price of \$0.10 and a term of two years were granted to the Company's agents in the course of closing the initial public offering. All of these options vested on grant.

The stock-based compensation related to these grants was estimated using the Black-Scholes option pricing model, using the following weighted average assumptions and results:

Expected life	4 years
Volatility	142%
Risk free interest rate	3%
Dividends	0%
Resulting fair value	\$0.08

The weighted average remaining contractual lives of the outstanding options are:

	Number Outstanding and Vested	Exercise Price	Remaining Contractual Life
Directors options	400,000	\$ 0.10	4.1 years
Agent options	200,000	0.10	1.1 years
Balance July 31, 2009	600,000	\$ 0.10	3.1 years

Project Finance Corp.

Notes to the Interim Financial Statements
For the Three Month Periods ended July 31, 2009 and 2008
(In Canadian Funds - Unaudited)

4. SHARE CAPITAL (continued)

(c) Contributed Surplus:

Stock based compensation - Directors options	\$	37,591
Agent options		10,418
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Balance July 31, 2009	\$	48,009

5. INCOME TAXES

Significant components of the Company's future income tax assets are shown below:

	July 31 2009	April 30 2009
Combined statutory tax rate	26%	26%
Non-capital loss carry forwards	\$ 19,284	\$ 13,722
Share issue costs	10,414	14,111
<hr/>		
	\$ 29,698	\$ 27,833
Valuation allowance	(29,698)	(27,833)
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Balance April 30, 2009	\$ -	\$ -

As at July 31, 2009, the Company has approximately \$74,168 (April 30, 2009: \$52,778) of non-capital loss carry forwards available to reduce taxable income for future years. The loss carry forwards begin to expire in 2026 if unused.

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion of all of the future income tax assets will not be realized. The ultimate realization of future 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 future income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital is to complete a qualifying transaction and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company, as a young venture issuer, has no practicable ability presently to raise money by long term or any kind of debt, for practical purposes all of its capital management is directed towards management of its issues of equity including warrants. There is thus very limited flexibility in its capital management.

Project Finance Corp.

Notes to the Interim Financial Statements

For the Three Month Periods ended July 31, 2009 and 2008

(In Canadian Funds - Unaudited)

7. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at July 31, 2009, the Company's financial instruments consist of cash and cash equivalents and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies its cash and cash equivalents as held-for-trading and its accounts payable as other financial liabilities.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk on cash and cash equivalents the Company places the instrument with a high credit quality financial institution.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

Foreign Exchange Risk

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

Interest Rate Risk

The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market from major Canadian financial institutions.

The Company has guaranteed investment certificates. The following table summarizes the impact of reasonable possible changes in interest rates for the Company at July 31, 2009 and 2008. The sensitivity analysis is based on the assumption that the interest rate changes by 1% with all other variables remaining constant. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of historical rates for the preceding year.

	July 31, 2009	July 31, 2008
Impact on net loss:		
1% increase	\$2,000	\$ 750
1% decrease	\$(2,000)	\$ (750)

PROJECT FINANCE CORP.
MANAGEMENT'S DISCUSSION AND
ANALYSIS

FOR THE THREE MONTH PERIODS ENDED
JULY 31, 2009 AND 2008

As at September 22, 2009

Project Finance Corp.
Management Discussion and Analysis
For the Three Month Periods ended July 31, 2009 and 2008

The following discussion and analysis is for the three month periods ended July 31, 2009 and 2008. This MD&A is as of September 22, 2009.

INTRODUCTION

The discussion and analysis of the operating results and financial position of Project Finance Corp. (“the Company”) should be read in conjunction with the attached Financial Statements and related Notes (the “Financial Statements”), which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP and their related notes). All monetary amounts are expressed in Canadian dollars unless otherwise indicated in the notes to the financial statements. This discussion and analysis may contain forward-looking statements about the Company’s future prospects, and the Company provides no assurance that actual results will meet management’s expectations. Additional information relating to Project Finance Corp. is available on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporations Act of British Columbia on October 16, 2006 and is a Capital Pool Company (“CPC”) as defined by policy 2.4 of the TSX Venture Exchange (the “TSX-V”). As at July 31, 2009, the Company has no business operations and its only significant asset is cash. During the three month period ending July 31, 2009, the Company did not enter into any agreements to acquire an interest in businesses or assets. As a CPC, the Company’s principal business is the identification and evaluation of assets, properties, or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX-V. Where an acquisition or participation is warranted (the “Qualifying Transaction”), 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. There is no assurance that the Company will complete a Qualifying Transaction within twenty-four months from the date the Company’s shares were listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company’s shares from trading.

OVERALL PERFORMANCE

On September 3, 2008 the Company carried out its Initial Public Offering and commenced trading on the TSX Venture Exchange on September 5, 2008 under the symbol “PF.P”. The public offering consisted of 2,000,000 common shares at a price of \$0.10 per share. The company received proceeds net of brokerage fees and commissions and legal fees totalling \$118,489 on closing.

RESULTS OF OPERATIONS

Three month period

There was \$924 interest income compared to \$355 for the same period in 2008 which reflects a reduced cash balance during the same period in 2008. Minimal expenses \$8,095 were incurred for legal, accounting and transfer agent fees during the three months ended July 31, 2009. The similar period in 2008 had \$57 expenditures as the Company was being initiated. The Company has examined and is continuing to examine a number of qualifying opportunities.

Project Finance Corp.
Management Discussion and Analysis
For the Three Month Periods ended July 31, 2009 and 2008

SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarters.

(In Canadian \$ except per share data)

	Years ended April 30							
	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial Results								
Interest income	924	1,105	1,230	880	355	85	-	-
Net income (loss) for period	(7,171)	(18,968)	(7,205)	(47,495)	298	(180)	-	-
Per share	\$ -	\$ -	\$ -	\$(0.01)	\$ -	\$ -	\$ -	\$ -
Balance Sheet Data								
Cash and short-term deposits	184,579	193,986	201,656	206,953	73,868	74,820	1	1
Total assets	193,235	194,410	201,656	209,037	100,118	87,820	1	1
Shareholder's equity	175,359	182,530	201,498	208,703	100,118	74,820	1	1

LIQUIDITY AND SOLVENCY

As at July 31, 2009, the Company has a working capital surplus of \$175,359.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

There are no related party transactions.

OUTSTANDING SHARE DATA

The Company had 1,500,000 common shares outstanding as of April 30, 2008. On May 8, 2008 500,000 common shares were issued at \$0.05 per common share. On September 3, 2008 the Company completed its Initial Public Offering whereby it sold 2,000,000 common shares at \$0.10 per common share. As at the date of this MD&A, there are 4,000,000 common shares outstanding. On April 30, 2008, the Company approved the granting of 400,000 stock options to its directors on the date an applicable securities commission issue a receipt for the filing of a prospectus for an initial public offering of the Company. These options will be exercisable to purchase 400,000 common shares at \$0.10 per share for a five year period from September 3, 2008.

On September 3, 2008, 400,000 options with an exercise price of \$0.10 and a term of five years were granted to directors of the Company and 200,000 options with an exercise price of \$0.10 and a term of two years were granted to the Company's agents in the course of closing the initial public offering.

RISKS AND UNCERTAINTIES

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, which statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

Project Finance Corp.
Management Discussion and Analysis
For the Three Month Periods ended July 31, 2009 and 2008

RISKS AND UNCERTAINTIES (Continued)

As at July 31, 2009, the Company has no business operations and its only asset is cash and term deposits. To date the Company has not entered into any agreements to acquire an interest in businesses or assets. As a CPC, the Company's principal business will be the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholders' 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.