PROJECT FINANCE CORP.

INTERIM FINANCIAL STATEMENTS
(RESTATED)

FOR THE THREE AND NINE MONTH PERIODS
ENDED JANUARY 31, 2010 AND 2009

(Unaudited)

Project Finance Corp.

Interim Balance Sheets
As at January 31, 2010 and April 30, 2009
(in Canadian Funds - unaudited)

	January 31 2010 (Restated note 9)	April 30 2009
ASSETS		
Current assets:		
Cash and cash equivalents *(Note 3a)*	$ 130,729	$ 193,986
Accounts receivable	2,576	424
	133,305	194,410
Deferred acquisition and financing costs	58,204	-
	$ 191,509	$ 194,410
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 42,133	$ 11,880
Shareholders' equity:		
Share capital *(Note 4)*	208,071	208,071
Contributed surplus *(Note 4c)*	48,009	48,009
Deficit	(106,704)	(73,550)
	149,376	182,530
	$ 191,509	$ 194,410

Nature of operations *(Note 1)*
Subsequent events *(Note 8)*

On behalf of the board:

Signed *"Clifford Grandison"* Director

Signed *"M. E. Hoole"* 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 and Nine Month Periods ended January 31, 2010 and 2009
(in Canadian Funds - unaudited)

	Three months ended January 31		Nine months ended January 31	
	2010	2009	2010	2009
	(Restated note 9)		(Restated note 9)	
Expenses:				
Stock-based compensation-directors	$ -	$ -	$ -	$ 37,591
Professional fees	8,922	4,752	20,776	9,792
Transfer agent	2,828	376	4,732	5,389
Travel and accommodation	39	2,759	39	2,759
Filing fees	3,843	513	8,562	1,211
Office and miscellaneous	264	35	654	125
	15,896	8,435	34,763	56,867
Loss before other item	15,896	8,435	34,763	56,867
Other item:				
Interest income	267	1,230	1,609	2,465
Net loss and comprehensive loss for the period	(15,629)	(7,205)	(33,154)	(54,402)
Deficit, beginning of period	(91,075)	(47,377)	(73,550)	(180)
Deficit, end of period	$ (106,704)	$ (54,582)	$ (106,704)	$ (54,582)
Net loss per share - basic and diluted	$ -	$ -	$ (0.01)	$ (0.02)
Weighted average shares outstanding	4,000,000	4,000,000	4,000,000	3,081,522

Project Finance Corp.

Interim Statements of Cash Flows
For the Three and Nine Month Periods ended January 31, 2010 and 2009
(in Canadian Funds - unaudited)

	Three months ended January 31		Nine months ended January 31	
	2010	2009	2010	2009
	(Restated note 9)		(Restated note 9)	
Cash flows provided by (used in):				
Operating activities:				
Loss for the period	$ (15,629)	$ (7,205)	$ (33,154)	$ (54,402)
Item not affecting cash:				
Stock-based compensation	-	-	-	37,591
	(15,629)	(7,205)	(33,154)	(16,811)
Changes in non-cash working capital items:				
Accounts receivable	(1,132)	-	(2,152)	-
Accounts payable and accrued liabilities	31,820	(176)	30,253	(12,842)
Cash provided by (used in) operating activities	15,059	(7,381)	(5,053)	(29,653)
Financing activities:				
Deferred financing costs	(58,204)	2,084	(58,204)	13,000
Common shares issued	-	-	-	225,000
Share issuance costs	-	-	-	(81,511)
Cash provided by (used in) financing activities	(58,204)	2,084	(58,204)	156,489
Change in cash and cash equivalents during the period	$ (43,145)	$ (5,297)	$ (63,257)	$ 126,836
Cash and cash equivalents - beginning of period	$ 173,874	$ 206,953	$ 193,986	$ 74,820
Cash and cash equivalents - end of period	$ 130,729	$ 201,656	$ 130,729	$ 201,656

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

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 "TSX-V") until it successfully completes a qualifying transaction. (see below)

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 nine-month period ended January 31, 2010 are not necessarily indicative of the results that may be expected for the full year ending April 30, 2010.

As at January 31, 2010, the Company has no business operations and its only asset is cash and term deposits. As a CPC, the Company's principal business is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholders' approval and acceptance by the TSX-V. 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. (see below)

Under the policies of the TSX-V, 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 TSX-V. 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 TSX-V may suspend or de-list the Company's shares from trading should it not meet these requirements.

The Company announced that it had entered into a LOI dated December 7, 2009 with Cascade Creek, LLC, an Alaska limited liability company ("Cascade"). Cascade is in the business of energy development in Southeast Alaska. The main focus of Cascade to date has been the advancement of its Cascade Creek Project, a lake-tap hydroelectric project on Swan Lake in the Thomas Bay area of Alaska. The Cascade Creek Project is in phase two of the application process with the Federal Energy Regulation Commission ("FERC") and has a preliminary design capacity of 70 MW and generation potential of 205 GWh of electricity. In addition, Cascade is the holder of service contracts relating to two other hydroelectric power projects in the Thomas Bay area (together with the Cascade Creek Project, the "Projects"). Cascade is a closely-held entity owned by Tollhouse Energy Company, Steven C. Marmon, Kulin Revocable Trust and Kwaan Power and Energy, LLC (collectively, the "Vendors").

Under the terms of the LOI, the Company has agreed to acquire all of the issued and outstanding capital of Cascade (the "Transaction") from the Vendors. It is intended that the Transaction will be the Company's Qualifying Transaction in accordance with the policies of the TSX-V. The Company and the Vendors are at arm's length, accordingly the Transaction is not a "Non-Arm's Length Qualifying Transaction". As such, it is anticipated the approval of the shareholders of the Company will not be required. Upon completion of the Transaction, it is expected that the Company will be listed on the TSX-V as a Tier 2 industrial issuer.

1. NATURE OF OPERATIONS (continued)

Upon signing of the LOI, the Company advanced to Cascade $25,000 as a non-refundable deposit. As consideration for the acquisition of Cascade, the Company has agreed to issue to the Vendors an aggregate of 40,000,000[1] common shares of the Company at a deemed price of $0.20[2] per common share (the "Share Consideration"). The Company and Cascade have agreed that the payment for the Share Consideration shall be issuable to the Vendors in three stages upon the occurrence of certain milestone events. (see Note 8-Subsequent Events)

Funding for the operation and further development of the Projects will be provided by the existing working capital of the Company and Cascade. In addition, prior to Completion of the Transaction, Cascade will raise up to US$150,000 in convertible debentures.

Concurrently with completion of the Transaction, the Company will also complete a non-brokered private placement financing in the amount of $1,000,000 (the "Financing"). The terms of the Financing have not been finalized and will be disclosed in due course. Finder's fees may be paid in relation to the Financing in accordance with the policies of the TSX-V. Closing of the Transaction will take place on or before February 28, 2010. (see Note 8-Subsequent Events) Completion of the Transaction is subject to certain conditions precedent.

Sponsorship of the Qualifying Transaction of a CPC is generally required by the TSX-V, unless exempted in accordance with TSX-V policies. The Company is currently reviewing TSX-V requirements for sponsorship and intends to comply with all applicable policies; however a sponsor has not yet been engaged. (see Note 8-Subsequent Events)

Additional information relating to the Company's LOI is available on SEDAR at www.sedar.com.

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.

[1] Changed to 30,000,000 common shares subsequent to yearend
[2] Changed to $0.08 subsequent to yearend

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents include an investment in redeemable guaranteed investment certificates (“GIC”) with interest rates of 0.4-0.5% per annum. At January 31, 2010, the fair value of the GIC’s was $131,142 (April 30, 2009 - $183,655).

(b) Deferred Acquisition and Financing Costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

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 January 31, 2010	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 Canadian Funds - Unaudited)

4. SHARE CAPITAL Continued)

(a) Authorized (continued):

- 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. Of these common shares 30,000 are subject to the escrow release schedule, in addition to the shares noted below.

- 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 TSX-V 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 TSX-V 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	3.6 years
Agent options	200,000	0.10	0.6 years
Balance January 31, 2010	600,000	$ 0.10	2.6 years

(In Canadian Funds - Unaudited)

4. SHARE CAPITAL Continued)

(c) Contributed Surplus:

Stock based compensation - Directors options	$	37,591
Agent options		10,418
Balance January 31, 2010	$	48,009

5. INCOME TAXES

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

		January 31 2010		April 30 2009
Combined statutory tax rate		26%		26%
Non-capital loss carry forwards	$	26,039	$	13,722
Share issue costs		10,414		14,111
	$	36,453	$	27,833
Valuation allowance		(36,453)		(27,833)
Balance, end of period	$	-	$	-

As at January 31, 2010, the Company has approximately $100,151 (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.

7. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at January 31, 2010, 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 January 31, 2010 and 2009. 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.

	January 31, 2010	January 31, 2009
Impact on net loss:		
1% increase	$1,300	$ 2,000
1% decrease	$(1,300)	$ (2,000)

(In Canadian Funds - Unaudited)

8. SUBSEQUENT EVENTS

a) Subsequent to January 31, 2010, the Company and Cascade have agreed to reschedule the closing date from February 28, 2010 to May 30, 2010 or as soon thereafter as is reasonably practical, The terms of the LOI were amended to reduce the number of shares to be issued to the unit holders of Cascade from 40 million shares to 30 million shares. The LOI was also amended to include a performance clause requiring 6 million of the 30 million shares to be held pending receipt of the FERC license. Changes to the terms and conditions of the RTO are a consequence of the Valuation of Cascade prepared for Project Finance.

b) Subsequent to January 31, 2010, the Company has received a comprehensive Valuation Report on the Cascade Creek Hydroelectric Project from Evans & Evans, Inc., as part of the Company's due diligence for the qualifying transaction with Cascade.

c) Subsequent to January 31, 2010, the Company has received an Overview Due Diligence report on the Cascade Creek Hydroelectric Project from Knight Piésold Ltd. The full cost of this report was accounted for in the period ending January 31, 2010. The Company and Cascade amended the LOI (see Note 1) such that 30,000,000 common shares will be issued as consideration for the acquisition of Cascade at a deemed price of $0.08 per share.

d) Subsequent to January 31, 2010 the Company announced that it has engaged Raymond James Ltd. (“Raymond James” or the “Agent”) to act as agent on a commercially reasonable efforts basis for the Financing to close concurrently with the Company’s previously announced qualifying transaction with Cascade. The Financing will consist of a minimum of 8,500,000 units (the "Units") of the Company and a maximum of up to 9,375,000 Units at a price of $0.16 per Unit. Each Unit is comprised of one common share in the capital of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”). Each Warrant entitles the holder, on exercise, to acquire one Common Share (“Warrant Share”) at an exercise price of $0.32 per Warrant Share for a period of 5 years following the closing of the Financing. Additional information relating to the Financing is available at www.sedar.com.

9. RESTATEMENT

These January 31, 2010 interim financial statements have been restated to reclassify $58,204 in acquisition activity costs from business development expenses to deferred acquisition and financing costs.

	As Presented	Adjustment	Restated
Business development expenses-Statement of loss	$ 58,204	$ (58,204)	$ -
Deferred acquisition & financing costs-Balance sheet	-	58,204	58,204
Deficit	$ (164,908)	$ 58,204	$ (106,704)

PROJECT FINANCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTH PERIODS ENDED JANUARY 31, 2010
(Reissued)

As at July 21, 2010

The following discussion and analysis is for the three and nine month periods ended January 31, 2010 and 2009. This MD&A was originally issued as of March 25, 2010 and is reissued as at July 21, 2010.

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 the Company 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 January 31, 2010, the Company has no business operations and its only significant asset is cash. 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.

The Company announced that it had entered into a LOI dated December 7, 2009 with Cascade Creek, LLC, an Alaska limited liability corporation ("Cascade"). Cascade is in the business of energy development in Southeast Alaska. The main focus of Cascade to date has been the advancement of its Cascade Creek Project, a lake-tap hydroelectric project on Swan Lake in the Thomas Bay area of Alaska. The Cascade Creek Project is in phase two of the application process with the Federal Energy Regulation Commission ("FERC") and has a preliminary design capacity of 70 MW and generation potential of 205 GWh of electricity. In addition, Cascade is the holder of service contracts relating to two other hydroelectric power projects in the Thomas Bay area (together with the Cascade Creek Project, the "Projects"). Cascade is a closely-held entity owned by Tollhouse Energy Company, Steven C. Marmon, Kulin Revocable Trust and Kwaan Power and Energy, LLC (collectively, the "Vendors").

Under the terms of the LOI, the Company has agreed to acquire all of the issued and outstanding capital of Cascade (the "Transaction") from the Vendors. It is intended that the Transaction will be the Company's Qualifying Transaction in accordance with the policies of the TSX-V. The Company and the Vendors are at arm's length, accordingly the Transaction is not a "Non-Arm's Length Qualifying Transaction". As such, it is anticipated the approval of the shareholders of the Company will not be required. Upon completion of the Transaction, it is expected that the Company will be listed on the TSX-V as a Tier 2 industrial issuer.

Upon signing of the LOI, the Company advanced to Cascade $25,000 as a non-refundable deposit. As consideration for the acquisition of Cascade, the Company has agreed to issue to the Vendors an aggregate of 40,000,000[1] common shares of the Company at a deemed price of $0.20[2] per common share (the "Share Consideration"). The Company and Cascade have agreed that the payment for the Share Consideration shall be issuable to the Vendors in three stages upon the occurrence of certain milestone events.

[1] Changed to 30,000,000 common shares subsequent to yearend
[2] Changed to $0.08 subsequent to yearend

DESCRIPTION OF BUSINESS (continued)

Funding for the operation and further development of the Projects will be provided by the existing working capital of the Company and Cascade. In addition, prior to Completion of the Transaction, Cascade will raise up to US$150,000 in convertible debentures.

Concurrently with completion of the Transaction, the Company will also complete a financing. The Company has engaged Raymond James Ltd. ("Raymond James" or the "Agent") to act as agent on a commercially reasonable efforts basis for the Financing to close concurrently with the Company's previously announced qualifying transaction with Cascade. The Financing will consist of a minimum of 8,500,000 units (the "Units") of the Company and a maximum of up to 9,375,000 Units at a price of $0.16 per Unit. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder, on exercise, to acquire one Common Share ("Warrant Share") at an exercise price of $0.32 per Warrant Share for a period of 5 years following the closing of the Financing. Additional information relating to the Financing is available at www.sedar.com.

Pursuant to Policy 2.2 of the Exchange, sponsorship is generally required in conjunction with a Qualifying Transaction. Project has made application to the Exchange for an exemption from the sponsorship requirement on the basis that: (a) it Project will file a transaction disclosure form in connection with the Acqusition; (b) close the Minimum Financing concurrently with completion of the Acquisition and (iii) this Filing Statement is being prepared in connection with the Acquistion. There are no assurances that Project will be granted an exemption from sponsorship.

Additional information relating to the Company's LOI is available on SEDAR at www.sedar.com.

OVERALL PERFORMANCE

On September 3, 2008 the Company carried out its Initial Public Offering and commenced trading on the TSX-V 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 $267 interest income compared to $1,230 for the same period in 2009 which reflects a reduced cash balance and lower interest rates for the current quarter. Minimal expenses $15,896 were incurred for legal, accounting, transfer agent and filing fees during the three months ended January 31, 2010. The comparable period in 2008 had $8,435 in similar administrative expenditures. The increase was mostly attributed to sustaining fees charged for the company's TSX-V listing for the first full year. During the quarter deferred acquisition and financing expenses consisted of a non refundable advance of $25,000 paid to Cascade and $33,204 due diligence expenses. The Company is currently conducting due diligence for its proposed qualifying transaction with Cascade. (see Subsequent Events)

Nine month period

There was $1,609 interest income compared to $2,465 for the same period in 2009. Expenses of $34,763 were incurred for legal, accounting, transfer agent and filing fees during the nine months ended January 31, 2010. The comparable period in 2009 had $19,276 in similar administrative expenditures. This increase was the additional expenses of being a publicly listed company. Accounting fees were greater by $8,000 and filing and sustaining fees increased $7,351 over the same nine month period of last year. Stock-based compensation was $nil during the current nine months compared to $37,591 during the comparable period in 2009. This was due to nil options being granted during the nine months ended January 31, 2010 compared to 400,000 options being granted in the comparable nine months in 2009. During the nine month period deferred acquisition and financing expenses consisted of a non refundable advance of $25,000 paid to Cascade and $33,204 due diligence expenses. The Company is currently conducting due diligence for its proposed qualifying transaction with Cascade. (see Subsequent Events)

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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial Results								
Interest income	267	418	924	1,105	1,230	880	355	85
Net income (loss) for period	(15,629)	(10,354)	(7,171)	(18,968)	(7,205)	(47,495)	298	(180)
Per share	$ -	$ -	$ -	$ -	$ -	$(0.01)	$ -	$ -
Balance Sheet Data								
Cash and short-term deposits	130,729	173,874	191,972	193,986	201,656	206,953	73,868	74,820
Total assets	191,509	175,318	193,235	194,410	201,656	209,037	100,118	87,820
Shareholder's equity	149,376	165,005	175,359	182,530	201,498	208,703	100,118	74,820

LIQUIDITY AND SOLVENCY

As at January 31, 2010, the Company has a working capital surplus of $91,172.

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.

As at January 31, 2010, the Company has no business operations and its only asset is cash and term deposits. On December 7, 2009 the Company entered into a letter of intent (the "LOI") with Cascade Creek, LLC. (see Description of Business and Subsequent Events) to acquire an interest in businesses and 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 TSX-V. 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.

SUBSEQUENT EVENTS

a) Subsequent to January 31, 2010, the Company and Cascade have agreed to reschedule the closing date from February 28, 2010 to May 30, 2010 or as soon thereafter as is reasonably practical, The terms of the LOI were amended to reduce the number of shares to be issued to the unit holders of Cascade from 40 million shares to 30 million shares. The LOI was also amended to include a performance clause requiring 6 million of the 30 million shares to be held pending receipt of the FERC license. Changes to the terms and conditions of the RTO are a consequence of the Valuation of Cascade prepared for Project Finance.

b) Subsequent to January 31, 2010, the Company has received a comprehensive Valuation Report on the Cascade Creek Hydroelectric Project from Evans & Evans, Inc., as part of the Company's due diligence for the qualifying transaction with Cascade.

c) Subsequent to January 31, 2010, the Company has received an Overview Due Diligence report on the Cascade Creek Hydroelectric Project from Knight Piésold Ltd. The full cost of this report was accounted for in the period ending January 31, 2010. The Company and Cascade amended the LOI (see Note 1) such that 30,000,000 common shares will be issued as consideration for the acquisition of Cascade at a deemed price of $0.08 per share.

d) Subsequent to January 31, 2010 the Company announced that it has engaged Raymond James to act as agent on a commercially reasonable efforts basis for the Financing to close concurrently with the Company's previously announced qualifying transaction with Cascade. The Financing will consist of a minimum of 8,500,000 units of the Company and a maximum of up to 9,375,000 Units at a price of $0.16 per Unit. Each Unit is comprised of one common share in the capital of the Company and one Common Share purchase warrant. Each Warrant entitles the holder, on exercise, to acquire one Common Share at an exercise price of $0.32 per Warrant Share for a period of 5 years following the closing of the Financing.