PROJECT FINANCE CORP.

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JULY 31, 2008

(Unaudited)

These unaudited interim financial statements have been reviewed by the Company's auditor.

PROJECT FINANCE CORP.

BALANCE SHEETS

		July 31, 2008 (Unaudited)		April 30, 2008
ASSETS				
CURRENT				
Cash and cash equivalents	$	73,868	$	74,820
DEFFERRED FINANCE COSTS		26,250		13,000
TOTAL ASSETS	$	100,118	$	87,820
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	–	$	13,000
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 3)		100,000		75,000
DEFICIT		118		(180)
		100,118		74,820
	$	100,118	$	87,820

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 5)

Approved by the Board:

/s/ "Clifford Grandison"

Clifford Grandison, Director

/s/ "Michael Hoole"

Michael Hoole, Director

PROJECT FINANCE CORP.

STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Three months ended July 31, 2008
EXPENSES	
Filing fees	$ –
Office and miscellaneous	57
LOSS BEFORE OTHER ITEM	57
OTHER ITEM	
Interest revenue	355
NET INCOME AND COMPREHENSIVE INCOME	298
DEFICIT, BEGINNING	(180)
RETAINED EARNINGS, ENDING	$ 118
LOSS PER COMMON SHARE – basic and diluted	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	92,355

PROJECT FINANCE CORP.

STATEMENTS OF CASH FLOW

		Three months ended July 31, 2008
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net loss for the period	$	298
Changes in non-cash working capital balances:		
Increase in prepaid deposits		(13,250)
Decrease in accounts payable		(13,000)
		(25,952)
FINANCING ACTIVITIES		
Proceeds from share issue, net		25,000
DECREASE IN CASH AND CASH EQUIVALENTS		(952)
CASH, BEGINNING		74,820
CASH, ENDING	$	73,868
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$	–
Cash paid for income taxes	$	–

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”).

As at April 30, 2008, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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. Significant areas requiring the use of management estimates relate to the determination of future income tax assets and liabilities and assumptions used in valuing options in stock-based compensation calculations. Actual results could differ from the estimates and assumptions used.

(b) Financial instruments

The Company's financial instruments include cash and accounts payable. In management's opinion, the Company is not exposed to significant interest rate, currency exchange rate, liquidity or credit risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values because of their current nature. The Company is not exposed to derivative financial instruments.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor’s carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountant Handbook Section 3840 – Related Party Transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

The Company classified its cash and term deposits as held-for-trading and its accounts payable as other financial liabilities.

(c) Comprehensive income

Comprehensive income reflects net loss and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

(d) Deferred finance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred finance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued and debt issue costs are included in the liability at time of initial recognition. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(e) Stock-based compensation

The Company applies the fair value method to stock-based payments to all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

(f) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences which arise between the accounting basis and the tax basis of various assets and liabilities, and are measured using substantively enacted tax rates and laws expected to apply when these differences reverse. A valuation allowance is provided for any future income tax assets if it is more likely than not that the asset will not be realized.

(g) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Recent accounting pronouncements

CICA Section 1400 *General Standards of Financial Statement Presentation* provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. On April 1, 2008 the Company will adopt this standard and no significant impact is expected on the Company's interim and annual consolidated financial statements for fiscal 2009.

In February 2008, the Accounting Standards Board issued Canadian Institute of Chartered Accountant ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets" ("CICA 3064"), which replaces CICA Handbook Section 3062, "Goodwill and Intangible Assets", and CICA Handbook Section 3450, "Research and Development Costs". CICA 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 consolidated financial statements commencing January 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

In May 2007, the Accounting Standards Board issued CICA Handbook Section 3031, "Inventories" ("CICA 3031"). CICA 3031 introduces changes to the measurement and disclosure of inventory and converges with international financial reporting standards and is effective for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

In December 2007, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" ("CICA 3862") and Section 3863, "Financial Instruments - Presentation" which replace CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation". CICA 3862 increases the emphasis on recognition and management of the risks associated with recognized and unrecognized financial instruments. This section carries forward the former presentation requirements and is effective for fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of the new disclosure standard and has not yet determined its impact on the Company's financial statements.

In October 2007, the Accounting Standards Board issued CICA Handbook Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of the new standard and has not yet determined its effect on the Company's financial statements.

In January 2006, 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"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

3. SHARE CAPITAL

Authorized:

100,000,000 Common shares without par value

Issued and outstanding:

	Number of Shares	Amount
Issued for cash	10,000	$ 1
Balance at April 30, 2007	10,000	1
Repurchased	(10,000)	(1)
Issued	1,500,000	75,000
Less amounts not yet paid	–	–
Balance at April 30, 2008	1,500,000	75,000
Issued	500,000	25,000
Balance at April 30, 2008	2,000,000	$100,000

(a) In October 2006, the Company issued 10,000 common shares for gross proceeds of $1.

(b) In April 2008, the Company repurchased the 10,000 common shares for $1.

(c) In April 2008, the Company issued 1,500,000 common shares for gross proceeds of $75,000.

(d) In May 2008, the Company issued 500,000 common shares for gross proceeds of $25,000.

(e) 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 described and the 500,000 shares issued for $25,000 above 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 potentially longer escrow release period under certain circumstances.

4. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	July 31, 2008	April 30, 2008
Combined statutory tax rate	34%	34%
Income tax recovery on net income (loss) at combined statutory rate	$ (101)	$ 62
Temporary difference – financing costs	446	884
	345	946
Valuation allowance	(345)	(946)
Income tax recovery	$ –	$ –

4. INCOME TAXES (continued)

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

	July 31, 2008	April 30, 2008
Combined statutory tax rate	31%	31%
Non-capital loss carry forwards	$ 971	$ 862
Share issue costs	6,103	3,224
	7,074	4,086
Valuation allowance	(7,074)	(4,086)
Net future income tax liabilities	$ –	$ –

As at July 31, 2008, the Company has approximately $7,074 (2007: $Nil) of non-capital loss carry forwards available to reduce taxable income for future years. The loss carry forwards expire 2028 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.

5. SUBSEQUENT EVENTS

(a) On September 3, 2008, the Company closed its initial offering prospectus dated July 29, 2008 filed with the Security Commissions of British Columbia, Alberta, and Ontario and an Agency Agreement (the "Agreement") between the Company and Raymond James Ltd. (the "Agent") dated July 29, 2008 and issued 2,000,000 common shares at a price of $0.10 per share (the "Offering"). The Company has agreed to pay to the Agent a commission equal to 10% of the gross funds raised from the Offering and a corporate finance fee of $10,000 plus GST. The Company has paid the Agent $11,250, representing $5,000 plus GST for the corporate finance fee and a $6,000 retainer for its legal fees. In addition, the Company will reimburse the Agent's legal fees and expenses incurred in connection with the Offering. The Company will also grant the Agent non-transferable agent's option to purchase up to 200,000 common shares of the Company, exercisable at $0.10 per share, expiring 24 months from the date the shares are listed on the Exchange. Under the Agreement the Company will also grant the agent a right of first refusal to provide brokered financing and sponsorship services for any Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. The shares of the Company were accepted for trading by the Exchange on September 5, 2008 under the symbol PFP.

(b) On September 3, 2008 the Company granted 400,000 stock options exercisable at $0.10 for a period of five years from the grant date. Any shares issued as a result of the exercise of the options will be subject to the terms of the escrow agreement described in Note 3(e).

Project Finance Corp.

(the “Company”)

MANAGEMENT DISCUSSION AND ANALYSIS in Form 51-102F1

(“MD&A”)

The following discussion and analysis is for the three months ended July 31, 2008. This MD&A is as of September 19, 2008.

INTRODUCTION

The discussion and analysis of the operating results and financial position of the Company should be read in conjunction with the attached Consolidated Financial Statements and related Notes (the “Financial Statements”), which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). 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

Project Finance Corp. (the ”Company”) was incorporated under the Business Corporations Act of British Columbia on October 10, 2006 and is a Capital Pool Company (“CPC”) as defined by policy 2.4 of the TSX Venture Exchange (the ”TSX”). As at July 31, 2008, the Company has no business operations and its only significant asset is cash. During the period ending July 31, 2008, 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. 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 are listed on the TSX, at which time the TSX may suspend or de-list the Company's shares from trading.

OVERALL PERFORMANCE

Pursuant to a prospectus dated July 29, 2008 filed with the TSX and an Agency Agreement between the Company and Raymond James Ltd. (the "Agent") dated July 30, 2008, the Company has agreed to offer, through the Agent, 2,000,000 common shares at a price of $0.10 per share (the "offering"). The Company has agreed to pay to the Agent a commission equal to 10% of the gross funds raised from the Offering and a corporate finance fee of $10,500 (including GST). The Company will reimburse the Agent for its legal fees and expenses incurred in connection with the Offering. The Company will also grant the Agent non-transferable agent warrants to purchase up to 200,000 common shares of the Company exercisable at $0.10 per share, expiring 24 months from the date the shares are listed on the TSX. The Company also granted the agent the right of first refusal to provide any further brokerage equity financing and sponsorship services for any Qualifying Transaction within the twenty-four months from the date the Company's shares are listed on a recognized stock exchange.

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".

RESULTS OF OPERATIONS

There are no revenues and only minimal expenses required for legal and accounting fees. There are presently no active operations in the Company.

SUMMARY OF QUARTERLY RESULTS

	Q1-2008
Revenue	$355
Net Income (loss)	$298
Basic diluted loss per share	$0.00

LIQUIDITY AND SOLVENCY

As at July 31, 2008, the Company has a working capital surplus of $100,118.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

There are no related party transactions.

SUBSEQUENT EVENTS

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"

OUTSTANDING SHARE DATA

The Company had 2,000,000 common shares outstanding as of July 31, 2008. 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, when granted will be exercisable to purchase 400,000 common shares at $0.10 per share for a five year period from the date of grant.

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.

ON BEHALF OF THE BOARD

PROJECT FINANCE CORP.