

Interim Financial Statements
(Unaudited)
(Stated in Canadian Dollars)

Marksmen Capital Inc.
March 31, 2010

NOTICE TO SHAREHOLDERS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2010
MARKSMEN CAPITAL INC.

Responsibility for Financial Statements

The accompanying financial statements for Marksmen Capital Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the September 30, 2009 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Marksmen Capital Inc.

(Incorporated under the laws of British Columbia)

BALANCE SHEET

(Unaudited)

As at March 31, 2010

(with comparative figures as at September 30, 2009)

(Stated in Canadian Dollars)

	March 31	September 30
	2010	2009
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	14,983	44,838
Prepays and deposits	269	268
Investments <i>[note 3]</i>	102,141	100,511
	117,393	145,617
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,712	9,830
SHAREHOLDERS' EQUITY		
Share capital		
Issued		
Common shares <i>[note 4]</i>	265,656	265,656
Share purchase warrants <i>[note 5]</i>	10,724	10,724
Contributed surplus <i>[note 7]</i>	30,740	30,740
Deficit	(192,439)	(171,333)
Total shareholders' equity	114,681	135,787
	117,393	145,617

See accompanying notes to the financial statements

On behalf of the Board:

"Dan Mechis"
Director"Ewan Downie"
Director

Marksman Capital Inc.**STATEMENT OF OPERATIONS, COMPREHENSIVE LOSS,
AND DEFICIT**

(Unaudited)

(Stated in Canadian Dollars)

	Three months ended March 31		Six months ended March 31	
	2010	2009	2010	2009
	\$	\$	\$	\$
REVENUE				
Investment income	806	-	1,631	-
EXPENSES				
Corporate accounting	1,902	1,800	3,804	3,600
Corporate secretarial	1,380	1,325	3,428	1,325
Filing services	613	4,146	3,789	4,483
General consulting	-	-	-	12,693
Listing fees	5,775	5,000	5,775	5,000
Professional fees	810	3,539	1,045	5,294
Shareholder communications	1,472	-	1,472	-
Transfer agent fees	1,817	2,890	3,424	5,006
	13,769	18,700	22,737	37,401
Loss and comprehensive loss for period	(12,963)	(18,700)	(21,106)	(37,401)
Deficit, beginning of period	(179,476)	(129,151)	(171,333)	(110,450)
Deficit, end of period	(192,439)	(147,851)	(192,439)	(147,851)
Basic and diluted loss per share [note 8]	(0.01)	(0.01)	(0.01)	(0.01)

See accompanying notes to the financial statements

Marksmen Capital Inc.

STATEMENT OF CASH FLOWS

(Unaudited)

(Stated in Canadian Dollars)

	Three months ended March 31		Six months ended March 31	
	2010	2009	2010	2009
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss and comprehensive loss for period	(12,963)	(18,700)	(21,106)	(37,401)
Net change in non-cash working capital balances related to operations	(9,107)	(576)	(8,749)	(16,671)
Cash used in operating activities	(22,070)	(19,276)	(29,855)	(54,072)
Decrease in cash during period	(22,070)	(19,276)	(29,855)	(54,072)
Cash, beginning of period	37,053	185,588	44,838	220,384
Cash, end of period	14,983	166,312	14,983	166,312

See accompanying notes to the financial statements

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Marksmen Capital Inc. (the "Corporation" or "Marksmen") was incorporated under the laws of the Province of British Columbia on March 11, 2008. The Corporation completed an initial public offering and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on August 6, 2008 and was classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. As a CPC, the principal business of the Corporation is to complete a Qualifying Transaction ("QT") by identifying and evaluating opportunities for the acquisition of an interest in assets or a business, and subsequently negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange.

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability to realize assets and discharge liabilities in the normal course of business in the foreseeable future and the ability of the Corporation to raise additional capital.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements of Marksman have been prepared by management on the basis of the Corporation's continuance as a going-concern and follow the same accounting policies as the most recent annual audited financial statements except for the changes as noted below. The interim financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles applicable for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the 2009 audited financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations / Consolidated Financial Statements / Non-Controlling Interests

In January 2009, the CICA adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". It was announced that these sections would be applied prospective 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 1, 2011. These new sections were created to converge Canadian GAAP to IFRS. The Corporation has elected not to adopt these new sections prior to January 1, 2011.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January, 2009, the Emerging Issues Committee issued a new abstract concerning the measurement of financial assets and financial liabilities, EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." There had been diversity in practice as to whether an entity's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial instruments. The EIC reached a consensus that these risks should be taken into account in the measurement of financial assets and financial liabilities. EIC-173 was effective for all financial assets and financial liabilities measured at fair value in interim and annual financial statements issued for periods ending on or after the date of issuance of EIC-173 with retrospective application without restatement of prior periods. The Corporation has applied this new abstract at the date of issuance resulting in no impact on its financial statements.

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

FUTURE ACCOUNTING CHANGES

Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to implement IFRS, which will replace Canadian GAAP for these types of entities.

The effective date for this change is interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of quarterly and annual amounts reported by the Corporation for the year ending September 30, 2011. The Corporation is in the process of developing a plan for IFRS convergence. The Corporation is in the process of developing a plan for IFRS convergence. Detailed analysis of the differences between IFRS and the Corporation's accounting policies and assessment of the various alternatives for first time adoption of IFRS are in progress. Training for key members of management has begun and will continue throughout implementation. Due to the anticipated changes in IFRS prior to transition, it is currently not possible to determine the impact on the financial results.

3. INVESTMENTS

	2010	2009
	\$	\$
Guaranteed investment certificate	102,141	100,511

As at March 31, 2010 the Corporation held a Canadian dollar denominated guaranteed investment certificate maturing August 5, 2014 at a yield of 3.27%.

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

4. COMMON SHARES

The Corporation is authorized to issue an unlimited number of voting common shares.

	Number #	Value \$
Balance March 11, 2008	-	-
Private placements	1,660,000	116,200
Initial public offering	1,430,000	200,200
Share issue costs	-	(50,744)
Balance, September 30, 2008	3,090,000	265,656
	-	-
Balance, September 30, 2009	3,090,000	265,656
	-	-
Balance, March 31, 2010	3,090,000	265,656

Private Placement

On August 1, 2008 the Corporation issued an aggregate of 1,660,000 common shares (the "Common Shares") at a price of \$0.07 per Common Share for gross proceeds of \$116,200. The Common Shares were offered by way of non-brokered private placement exemptions in certain Provinces in Canada. Under the requirements of the TSX Venture Exchange the Common Shares will be held in escrow and may not be released from escrow and traded without the prior written consent of the regulatory authorities.

Initial Public Offering

On August 6, 2008 the Corporation completed its initial public offering ("IPO") of 1,430,000 common shares in the capital of the Corporation at a price of \$0.14 per common share for gross proceeds of \$200,200 (the "Proceeds"). The Corporation paid Canaccord Capital Corporation a cash commission equal to 10% of the Proceeds plus an administration fee and related expenses of \$20,000 and granted a non-transferable option (the "Agent's Option") to purchase 143,000 common shares of the Corporation equal to 10% of the number of common shares sold through the IPO. The Agent's Option is exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange at a price of \$0.14 per common share.

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

5. SHARE PURCHASE WARRANTS

The following table reflects the continuity of warrants:

Expiry Date	Exercise Price \$	Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	Closing Balance #
August 6, 2010	0.14	143,000	-	-	-	143,000

The fair value of the share purchase warrants has been estimated using the Black-Scholes option pricing model. The assumptions used for the valuation of the respective warrants were:

Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 3.50% and an expected life of 24 months. Value assigned to the 143,000 share purchase warrants issued in the previous year was \$10,724.

The following table reflects the value of share purchase warrants currently outstanding:

Warrants	Number #	Value \$
Share purchase warrants, exercisable at \$0.14 and expiring August 6, 2010	143,000	10,724

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
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6. SHARE INCENTIVE PLAN

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the continuity of stock options under the Plan:

	Number of Stock Options #	Weighted Average Exercise Price \$
Balance, September 30, 2009	290,000	0.14
Options granted	-	-
Balance, March 31, 2010	290,000	0.14

The following table reflects the stock options outstanding as at March 31, 2010:

Expiry Date	Exercise Price \$	Options Outstanding #
August 6, 2013	0.14	290,000

On August 6, 2008, a total of 290,000 stock options were issued to directors, officers, key employees and certain consultants of the Corporation. All of the 290,000 options issued vested immediately.

The Corporation applies the fair value method of accounting for all stock-based compensation awards and accordingly, \$30,740 was recorded as compensation for the 290,000 stock options that vested during the previous year.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 3.50%, expected life of 5 years vesting immediately.

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

7. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus relating to stock options:

	\$
Balance, March 11, 2008	-
Stock options vested	30,740
Balance, September 30, 2008	30,740
	-
Balance, September 30, 2009	30,740
	-
Balance, March 31, 2010	30,740

8. LOSS PER SHARE

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Fully diluted loss per share is the same as basic loss per share. The effect of common share purchase options and warrants on the net loss is not reflected as to do so would be anti-dilutive.

	2010	2009
<u>Numerator:</u>		
Net loss	(21,106)	(60,883)
<u>Denominator:</u>		
Weighted average number of common shares	3,090,000	3,090,000
Basic and diluted loss per share	(0.01)	(0.02)

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
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9. MANAGEMENT OF CAPITAL RISK

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern in order to pursue its business objectives and to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. In the management of capital, the Corporation includes the components of shareholders' equity, as well as cash and cash equivalents and investments. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments.

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

The Corporation had no held-to-maturity or available for sale instruments and had no allowance for credit losses as at March 31, 2010 and September 30, 2009:

	2010	2009
<hr/>		
Financial Assets		
<i>Held for trading, measured at fair value</i>		
Cash and cash equivalents	14,983	44,838
Investments	102,141	100,511
	<hr/> 117,124	<hr/> 145,349
<hr/>		
Financial Liabilities		
<i>Other liabilities, measured at amortized cost using the effective interest method</i>		
Accounts payable and accrued liabilities	2,712	9,830
	<hr/> 2,712	<hr/> 9,830

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Corporation manages its credit risk by holding cash equivalents and investments through large Canadian financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(c) Fair Value

Financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value, unless otherwise noted, due to the short terms to maturity.

Marksmen Capital Inc.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

For the six months ended March 31, 2010
(with comparative figures as at September 30, 2009)
(Stated in Canadian Dollars)

11. RELATED PARTIES

Included in expenses are amounts totalling \$3,804 (2009 - \$7,731) for accounting services and facilities related charges provided by 1752466 Ontario Inc., a company related to the Corporation through a common director. The amounts are recorded at the exchange amount agreed to by the parties.