SUB CAPITAL INC.

(A Development Stage Company)

FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

Three and Six Months Ended October 31, 2010 and 2009

SUB CAPITAL INC.
(the “Company”)

INTERIM FINANCIAL STATEMENTS
Three and six months ended October 31, 2010

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

December 15, 2010

SUB CAPITAL INC.

Balance Sheets
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at October 31, 2010 and April 30, 2010

	October 31, 2010 $	April 30, 2010 $
ASSETS		
CURRENT		
Cash and Cash Equivalents	375,545	163,483
Share Subscription Receipts in Transit (Note 5)	-	218,290
Amounts Receivable	25,048	10,439
Prepaid Expenses and Deposits	1,200	-
	401,793	392,212
Equipment (Note 6)	2,526	-
Resource Property (Note 7)	67,188	-
	471,507	392,212
LIABILITY		
CURRENT		
Accounts Payable and Accrued Liabilities	6,863	54,830
Loans Payable (Note 8)	120,000	-
	126,863	54,830
SHAREHOLDERS' EQUITY		
Share Capital (Note 9(b))	4,103,847	4,067,480
Contributed Surplus (Note 10)	650,875	580,205
Deficit	(4,410,078)	(4,310,303)
	344,644	337,382
	471,507	392,212

Nature of Operations and Going Concern (Note 1)

See accompanying notes to financial statements

SUB CAPITAL INC.

Statements of Operations and Deficit
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the Three and Six Months Ended October 31, 2010 and 2009

	Three Months Ended		Six Months Ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
	$	$	$	$
EXPENSES				
Amortization	205	-	205	-
Interest and Bank Charges	3,271	147	3,528	294
Consulting and Management Fees	14,745	-	22,245	-
Office, Rent and Administration	10,100	7,559	14,161	7,559
Professional Fees	775	6,655	9,538	8,005
Regulatory Fees	6,956	-	10,406	-
Stock-Based Compensation	27,739	-	27,739	-
Transfer Agent and Shareholder Information	3,126	-	6,324	-
Travel and Promotion	4,861	-	5,811	-
	71,778	14,361	99,957	15,858
LOSS BEFORE INTEREST INCOME	(71,778)	(14,361)	(99,957)	(15,858)
Interest Income	182	-	182	-
NET LOSS FOR THE PERIOD	(71,596)	(14,361)	(99,775)	(15,858)
Deficit, Beginning of the Period	(4,338,482)	(4,079,421)	(4,310,303)	(4,077,924)
DEFICIT, END OF THE PERIOD	(4,410,078)	(4,093,782)	(4,410,078)	(4,093,782)
BASIC AND DILUTED LOSS PER SHARE	(0.01)	(0.001)	(0.01)	(0.001)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	10,469,480	2,735,336	10,358,322	2,735,636

See accompanying notes to financial statements

SUB CAPITAL INC.

Statements of Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the Three and Six Months Ended October 31, 2010 and 2009

	Three Months Ended		Six Months Ended	
	October 31, 2010	**October 31, 2009**	**October 31, 2010**	**October 31, 2009**
	$	$	$	$
NET LOSS FOR THE PERIOD	(71,596)	(14,361)	(99,775)	(15,858)
Other Comprehensive Income for the Period	-	-	-	-
COMPREHENSIVE LOSS FOR THE PERIOD	(71,596)	(14,361)	(99,775)	(15,858)

See accompanying notes to financial statements

SUB CAPITAL INC.

Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the Three and Six Months Ended October 31, 2010 and 2009

	Three Months Ended		Six Months Ended	
	October 31, 2010	October 31, 2009	October 31, 2010	October 31, 2009
	$	$	$	$
CASH WAS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net Loss for the Period	(71,596)	(14,361)	(99,775)	(15,858)
Items Not Affecting Cash				
Amortization	205	-	205	-
Stock-Based Compensation	27,739	-	27,739	-
	(43,652)		(71,831)	(15,858)
Changes in Non-Cash Working Capital Accounts				
Amounts Receivable	(10,231)	9,909	(14,609)	10,192
Prepaid Expenses and Deposits	3,696	-	(1,200)	-
Accounts Payable and Accrued Liabilities	(47,992)	(768)	(51,598)	(826)
	(98,179)	(5,220)	(139,238)	(6,492)
FINANCING ACTIVITY				
Loans Payable	120,000	-	120,000	-
Net Proceeds on Private Placement	-	-	278,838	-
Proceeds Received on Shareholder Notes	-	15,000	-	15,000
Shares Issued for Cash	18,750	-	18,750	-
	138,750	15,000	417,588	15,000
INVESTING ACTIVITY				
Deferred Costs	10,545	-	-	-
Purchase of Equipment	(2,731)	-	(2,731)	-
Resource Property	(63,557)	-	(63,557)	-
	(55,743)	-	(66,288)	-
INCREASE (DECREASE) IN CASH	(15,172)	9,780	212,062	8,508
Cash and Cash Equivalents, Beginning of the Period	390,717	2,320	163,483	3,592
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	375,545	12,100	375,545	12,100

See accompanying notes to financial statements

NOTE 1 – NATURE OF OPERATIONS

SUB Capital Inc. (the "Company") was incorporated under the laws of Canada on November 9, 2005. On November 25, 2009, the Company consolidated its capital stock on a ten-for-one basis. All share and per share information contained in these financial statements reflect the post-consolidated share numbers.

Effective September 5, 2008, the Company was designated as inactive and its listing was transferred to the NEX Board of the TSX Venture Exchange (“Exchange”). On June 25, 2010, the Company entered into an option agreement with Unity Energy Corp. (“Unity”), a public company incorporated under the laws of the Province of British Columbia and listed on the Exchange, pursuant to which the Company may acquire a 75% interest in Thorburn Lake Property located in Saskatchewan (Note 7). The transaction constituted as the Company’s Change of Business under the policies of the Exchange. On September 23, 2010, the Company received Exchange acceptance of its Change of Business and effective September 24, 2010, the Company’s listing transferred from the NEX to Tier 2 of the Exchange.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company’s ability to continue as a going concern and the recoverability of the amounts capitalized for resource properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its resource properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company’s resource properties. The outcome of these matters cannot be predicted at this time.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. As at October 31, 2010, the Company had not yet achieved profitable operations, has working capital of $274,930 (April 30, 2010 - $337,382) and accumulated losses of $4,410,078 and expects to incur further losses in the development of its business. The Company has sufficient liquidity to meet its obligations during the period ending April 30, 2011. The Company will be required to raise additional capital in order to make option payments and incur expenditures to maintain its option to acquire an interest in the Thorburn Lake property. However, there can be no assurance that the Company will be able to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying financial statements.

NOTE 2 – BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The unaudited interim financial statements should be read in conjunction with the Company’s audited financial statements including the notes thereto for the year ended April 30, 2010.

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended April 30, 2010 and have been consistently followed in the preparation of these financial statements.

NOTE 3 – ADOPTION OF NEW ACCOUNTING STANDARDS

a) Fair Value Hierarchy

In 2009, the CICA amended 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosure. This amendment requires a three level hierarchy that reflects the significance of the inputs used in measuring the fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 – Inputs that are not based on observable market data.

The amended section relates to disclosure only and did not have a material impact on the financial results of the Company.

The classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2010 is included in Level 1.

NOTE 4 – FUTURE ACCOUNTING PRONOUNCEMENTS

a) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB issued CICA sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaced sections 1581, *Business Combinations*, and 1600, *Consolidated Financial Statements*. CICA 1582 is effective for 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. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Early adoption is permitted for these new standards. The Company does not expect the adoption of these sections to have a material impact on its consolidated financial statements.

b) International Financial Reporting Standards

Effective May 1, 2011, the Company's primary basis of accounting will change to International Financial Reporting Standards.

NOTE 5 – SHARE SUBSCRIPTION RECEIPTS IN TRANSIT

On April 28, 2010, the Company issued 2,425,444 common shares at $0.09 per share pursuant to a private placement which the Company's lawyer was holding against payments in transit of $218,290. The full amount was received during the six months ended October 31, 2010.

(Expressed in Canadian Dollars)

NOTE 6 – EQUIPMENT

	Cost $	Accumulated Amortization $	October 31, 2010 Net Book Value $	April 30, 2010 Net Book Value $
Computer equipment	2,731	205	2,526	-

NOTE 7 – RESOURCE PROPERTY

	Thorburn Lake Property Saskathewan, Canada $
Balance, April 30, 2010	-
Acquisition Costs	
Cash Consideration	30,000
Others (Professional and Regulatory Fees)	37,188
Balance, October 31, 2010	67,188

On June 25, 2010, the Company entered into an option agreement with Unity Energy Corp. (“Unity”) whereby the Company may earn a 75% interest in the Thorburn Lake Property located within the Athabasca Basin, in the La Ronge Mining District of northern Saskatchewan (the “Property”).

Unity currently has an option to acquire a 100% undivided interest in the Property pursuant to an agreement dated February 22, 2010 with GWN Investment Ltd. (“GWN”) by paying GWN an aggregate of $610,000 over a period of three years, issuing 750,000 common shares of Unity to GWN and incurring $2,500,000 in exploration expenditures on the Property as follows:

a) paying GWN $10,000 and issuing to GWN 750,000 shares of Unity on or before March 1, 2010 (completed);
b) paying GWN a further $100,000 on or before December 31, 2011;
c) paying GWN a further $200,000 on or before December 31, 2012;
d) paying GWN a further $300,000 on or before December 31, 2013; (payments set out in (b) through (d) are hereinafter referred to as the “Underlying Payments”); and
e) incurring $2,500,000 in exploration expenditures prior to February 22, 2014.

(Expressed in Canadian Dollars)

NOTE 7 – RESOURCE PROPERTY (Continued)

In addition, there is reserved to GWN a 1% net smelter return ("NSR") which may be purchased at any time by Unity by paying GWN $1,000,000 less all amounts previously received by GWN as NSR payments.

The Company may exercise the Option by:

a) paying Unity $30,000 on or before September 26, 2010 (paid); and
b) making the Underlying Payments directly to GWN as outlined above; and
c) incurring $2,400,000 in exploration expenditures prior to February 22, 2014, including not less than $200,000 on or before December 31, 2011.

NOTE 8 – LOANS PAYABLE

During the six months ended October 31, 2010, the Company arranged for loans totaling $120,000 pursuant to loan agreements dated August 16, 2010. The loans have a term of one year maturing August 31, 2011 and bear interest at 12% per annum. Of the $120,000 loan, $60,000 is payable to a company controlled by an officer of the Company. During the six months ended October 31, 2010, the Company paid $3,004 (2009 - $Nil) in interest on the loans.

NOTE 9 – SHARE CAPITAL

a) Authorized

Unlimited Number of Voting Common Shares without Par Value

b) Issued and Outstanding

	Number of Common Shares	Amount $
Balance, April 30, 2009	3,118,498	3,553,483
Shares Issued for Cash (i)	6,011,078	540,997
Finder's Fees (i)	489,463	44,051
Share Issue Costs	-	(71,051)
Balance, April 30, 2010	9,619,039	4,067,480
Shares Issued for Cash (ii)	805,001	72,450
Finder's Fees (ii)	80,500	7,245
Share Issue Costs (ii)	-	(19,147)
Cancellation of Escrow Shares (iii)	(109,245)	(42,931)
Exercise of Warrants (iv)	150,000	18,750
Balance, October 31, 2010	10,545,295	4,103,847

NOTE 9 – SHARE CAPITAL (Continued)

b) Issued and Outstanding (Continued)

(i) During the year ended April 30, 2009, the Company closed a non-brokered private placement of 6,011,078 units at $0.09 per unit for gross proceeds of $540,997. Each unit consists of one common share and one common share purchase warrant entitling its holder to acquire an additional common share at $0.125 per share on or before April 28, 2011. The Company applied the residual approach and allocated total proceeds to the common shares and none to the attached warrants. The Company paid a finder's fee consisting 489,463 common shares at a deemed price of $0.09 per share for a gross consideration of $44,051 and legal fees of $27,000 totaling $71,051.

(ii) On May 27, 2010, the Company closed a non-brokered private placement of 805,001 units at $0.09 per unit for gross proceeds of $72,450. Each unit consists of one common share and one common share purchase warrant entitling its holder to acquire an additional common share at $0.125 per share on or before May 27, 2011. The Company paid a finder's fee consisting 80,500 common shares at a deemed price of $0.09 per share for a gross consideration of $7,245 and legal fees of $11,902 totaling $19,147.

(iii) On July 26, 2010, the Company cancelled and returned to treasury 109,245 common shares held in escrow.

(iv) During the six months ended October 31, 2010, 150,000 common shares were issued for gross proceeds of $18,750 on the exercise of 150,000 warrants at $0.125 per share.

c) Escrow Shares

As of October 31, 2010, the Company has Nil (April 30, 2010 - 109,245) common shares held in escrow pursuant to the requirements of the Exchange and escrow agreement (Note 9(b)(iii)).

d) Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options will be exercisable for a period of up to 5 years from the date of grant. Options granted during the year vested immediately. Options granted to Investor relations vest in accordance with Exchange requirements.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of twelve months after such death, subject to the expiry date of such option.

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

d) Stock Options (Continued)

A summary of the status of the options outstanding follows:

	Number of Options	Weighted Average Exercise Price $
Balance, April 30, 2009	241,000	1.397
Forfeited	(241,000)	(1.397)
Granted	911,000	0.128
Balance, April 30, 2010	911,000	0.128
Granted	136,000	0.22
Balance, October 31, 2010	1,047,000	0.14

The following table summarizes the options outstanding as at October 31, 2010:

Number of Options	Weighted Average Remaining Contractual Life	Exercise Price $	Expiry Date	Number of Options Exercisable
311,000	4.30 years	0.135	February 15, 2015	311,000
600,000	4.44 years	0.125	April 7, 2015	600,000
136,000	9.90 years	0.220	September 23, 2020	136,000
1,047,000	5.11 years	0.14		1,047,000

During the six months ended October 31, 2010, the Company recognized stock-based compensation expense of $27,739 (2009 - $Nil) for stock options granted to directors, officers and employees.

The fair value of stock options was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	2010	2009
Risk-Free Annual Interest Rate	1.44%	-
Expected Annual Dividend Yield	0%	-
Expected Stock Price Volatility	225%	-
Average Expected Life of Options	3 years	-

The weighted average fair value of stock options granted during the six months ended October 31, 2010 was $0.20 (2009 – $Nil) per share.

(Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Continued)

e) Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of the status of the warrants outstanding follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, April 30, 2009	1,385,352	1.420
Issued	6,011,078	0.125
Balance, April 30, 2010	7,396,430	0.370
Issued	805,001	0.125
Exercised	(150,000)	0.125
Balance, October 31, 2010	8,051,431	0.348

The following table summarizes the share purchase warrants outstanding at October 31, 2010:

Number of Warrants	Weighted Average Remaining Contractual Life	Exercise Price $	Expiry Date
125,000	1.20 years	2.000	January 12, 2012
916,666	1.52 years	1.500	May 9, 2012
343,686	2.12 years	1.000	December 12, 2012
5,861,078	0.49 years	0.125	April 28, 2011
805,001	0.57 years	0.125	May 27, 2011
8,051,431			

NOTE 10 – CONTRIBUTED SURPLUS

A continuity of contributed surplus is as follows:

	$
Balance, April 30, 2009	491,605
Stock-based compensation	88,600
Balance, April 30, 2010	580,205
Cancellation of escrow shares (Note 9(b)(iii))	42,931
Stock-based compensation	27,739
Balance, October 31, 2010	650,875

(Expressed in Canadian Dollars)

NOTE 11 – RELATED PARTY TRANSACTIONS

During the six months ended October 31, 2010 and 2009, in addition to a related party transaction described in Note 8, the Company entered into the following transactions with directors, officers and companies controlled by them:

	2010	2009
	$	$
Management fees	7,500	-
Office, rent and administration	13,400	-
Legal fees	28,443	-
Interest paid	1,502	13,495
Premium paid	-	11,208
	50,845	24,703

Included in prepaid expenses was a rent deposit of $1,200 (April 30, 2010 - $Nil) paid to companies with an officer in common.

Included in accounts payable and accrued liabilities was a legal fee of $Nil (April 30, 2010 - $9,800) payable to a company with an officer in common.

These transactions are in the normal course of business operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 12 – FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a framework to protect itself against adverse rate movements. All transactions undertaken are to support the Company's ongoing business and the Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company's Board of Directors oversees management's risk management practices.

As at October 31, 2010, the Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and loans payable.

Cash and cash equivalents are designated as held-for-trading and carried at their fair values. Amounts receivable is classified as a loan and receivable and carried at its amortized cost. Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities and carried at their amortized cost.

The fair values of these financial instruments approximate their carrying values due to their short-term nature and/or the existence of market related interest rate on the instruments.

NOTE 12 – FINANCIAL INSTRUMENTS (Continued)

The risk exposure is summarized as follows:

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 Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and cash equivalents consisting of Guaranteed Investment Certificates ("GICs") have been invested with Schedule 1 banks or equivalents, with its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The amounts receivable consist primarily of harmonized sales tax recoverable of $24,866 and interest receivable of $182.

b) Liquidity Risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at October 31, 2010, the Company had cash and cash equivalents of $375,545 to settle current liabilities of $126,863 which consist of accounts payable that are considered short term and settled within 30 days and interest bearing loans which shall be repaid on or before August 31, 2011. The Company has sufficient capital to meet its requirements through the end of fiscal 2011.

c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The Company's short-term investment is invested in GICs with greater than 90 day terms but not greater than one year. These GICs have a fixed interest rate for the term of the deposit. The interest on cash and GICs is typical of Canadian banking rates, which are low at present and the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

(ii) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its resource property described in note 7 of these financial statements of which production is not expected in the near future.

NOTE 13 – CAPITAL MANAGEMENT

In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; to pursue the development of a business interest; and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company manages its 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 improve its liquidity, the Company will have to issue new shares, issue new debt, or, acquire or dispose of assets all in the effort to optimize liquidity by raising or conserving cash.

The Company is dependent on the capital markets as its sole source of operating capital. Its capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the six months ended October 31, 2010.