

# **StorageVault Canada Inc.**

## **Interim Financial Statements**

For the Three Months ended March 31, 2012 and 2011

(Unaudited)

### **NOTICE OF NO AUDITOR REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the StorageVault Canada Inc. have been prepared by and are the responsibility of the Corporation's management.

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

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**StorageVault Canada Inc.**  
**Unaudited Interim Statement of Financial Position**

	March 31 2012	December 31 2011
<b>Assets</b>		
Current		
Cash and short term deposits (Note 4)	\$ 364,780	\$ 694,641
Accounts receivable	238,893	334,798
Inventory	12,150	10,287
Deposits	371,772	79,418
Other current assets	86,696	83,460
	<b>\$ 1,074,291</b>	<b>\$ 1,202,604</b>
Property, plant and equipment (Note 5)	14,973,210	15,137,695
Intangible assets (Note 6)	13,000	14,934
Goodwill (Note 6)	1,448,607	1,448,607
	<b>\$ 17,509,108</b>	<b>\$ 17,803,840</b>
<b>Liabilities and Shareholders' Equity</b>		
Current		
Accounts payable and accrued liabilities	\$ 224,736	\$ 170,186
Unearned revenue	44,223	53,622
Current portion of finance lease obligations (Note 7)	3,717	7,476
Current portion of long term debt (Note 8)	423,050	423,518
	<b>695,726</b>	<b>654,802</b>
Long term debt (Note 8)	7,819,325	8,000,277
Preferred shares (Note 9)	2,762,163	2,745,007
	<b>11,277,214</b>	<b>11,400,086</b>
Shareholders' Equity		
Share capital (Note 10)	6,466,915	6,466,915
Preferred shares (Note 10)	1,375,784	1,367,014
Contributed surplus (Note 10)	470,208	470,208
Deficit	(2,081,013)	(1,900,383)
	<b>6,231,894</b>	<b>6,403,754</b>
	<b>\$ 17,509,108</b>	<b>\$ 17,803,840</b>

Subsequent Events (Note 16)

**Approved on behalf of the Board:**

"signed" Alan Simpson  
 Director

"signed" Glenn Fradette  
 Director

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

**StorageVault Canada Inc.**  
**Unaudited Interim Statement of Changes in Equity**  
**For the Three Months ended March 31**

	2012	2011
<b>Common Share Capital</b>		
Balance, beginning of the period	\$ 6,466,915	\$ 6,513,186
Common shares issued under Option Plans	-	-
Share based compensation	-	-
Common shares purchased and cancelled	-	-
Balance, end of the period	<b>6,466,915</b>	<b>6,513,186</b>
<b>Preferred Share Capital</b>		
Balance, beginning of the period	\$ 1,367,014	\$ 1,332,477
Preferred shares issued	-	-
Stock dividends paid	8,770	8,533
Preferred share issuance costs	-	-
Balance, end of the period	<b>1,375,784</b>	<b>1,341,010</b>
<b>Contributed Surplus</b>		
Balance, beginning of the period	\$ 470,208	\$ 470,208
Share based compensation	-	-
Common shares purchased	-	-
Balance, end of the period	<b>470,208</b>	<b>470,208</b>
<b>Deficit</b>		
Balance, beginning of the period	\$ (1,900,383)	\$ (1,596,715)
Net income (loss)	<b>(163,091)</b>	(193,575)
Charges for Normal Course Issuer Bid	-	-
Dividends on preferred shares	<b>(17,539)</b>	(17,067)
Balance, end of the period	<b>(2,081,013)</b>	<b>(1,807,357)</b>

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

**StorageVault Canada Inc.****Unaudited Interim Statement of Income (Loss) & Comprehensive Income (Loss)**

For the Three Months ended March 31

	2012	2011
<b>Revenue</b>		
Storage and related services	\$ 787,263	\$ 658,749
Interest	1,337	2,488
Other	283	20,234
	<u>788,883</u>	<u>681,471</u>
<b>Expenses</b>		
Property operating costs	382,607	343,211
Equipment cost of sales	-	-
Selling, general and administrative	148,491	131,223
Amortization	260,892	235,902
Interest	159,984	164,710
	<u>951,974</u>	<u>875,046</u>
Net income (loss) before income taxes	(163,091)	(193,575)
Deferred income tax recovery (Note 11)	-	-
Net income (loss) and Comprehensive income (loss)	<u>\$ (163,091)</u>	<u>\$ (193,575)</u>
Net income / (loss) per common share		
Basic	\$ (0.005)	\$ (0.006)
Diluted	\$ (0.005)	\$ (0.006)
Weighted average number of common shares outstanding		
Basic	33,471,211	33,710,711
Diluted	33,471,211	33,710,711

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

**StorageVault Canada Inc.**  
**Unaudited Interim Statement of Cash Flows**  
**For the Three Months ended March 31**

	2012	2011
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating activities</b>		
Net income (loss)	\$ (163,091)	\$ (193,575)
Adjustment for non-cash items:		
Amortization	260,892	235,902
Stock dividend classified as interest	17,156	16,669
	<b>114,957</b>	<b>58,996</b>
Net change in non-cash working capital balances		
Accounts receivable	95,905	(25,541)
Inventory	(1,863)	(129,830)
Deposits	(292,354)	(45,918)
Other current assets	(3,236)	(13,316)
Accounts payable and accrued liabilities	54,550	(20,170)
Unearned revenue	(9,399)	(10,013)
	<b>(41,440)</b>	<b>(185,792)</b>
<b>Financing activities</b>		
Cash dividends paid - equity component	(8,770)	(8,533)
Advances from long term debt	-	106,920
Repayment of long term debt	(105,114)	(101,949)
Debt issuance costs	(76,305)	-
Repayment of finance leases	(3,759)	(4,805)
	<b>(193,948)</b>	<b>(8,367)</b>
<b>Investing activities</b>		
Additions to property, plant and equipment	(97,916)	(510,092)
Disposal of property, plant and equipment	3,443	-
	<b>(94,473)</b>	<b>(510,092)</b>
Decrease in cash	(329,861)	(704,251)
Cash balance, beginning of period	694,641	1,259,495
Cash balance, end of period	<b>364,780</b>	<b>555,244</b>
<b>Supplementary cash flow information:</b>		
Cash paid during the period for:		
Interest	160,367	164,029
Income taxes	-	-

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

## **StorageVault Canada Inc.**

### **Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### **1. Description of Business**

The financial statements of StorageVault Canada Inc. (the "Corporation") as at and for the three months ended March 31, 2012 were authorized for issuance by the Board of Directors of the Corporation on May 24, 2012. The Corporation is incorporated under the Business Corporations Act of Alberta and is domiciled in Canada. Its shares are publicly traded on the TSX Venture Exchange. The address of its registered office is 1000 – 250 2<sup>nd</sup> Street SW, Calgary, AB, T2P 0C1.

The Corporation's primary business is renting both fixed and portable self storage units to residential and commercial customers in Saskatchewan, Manitoba, Ontario and British Columbia. The Corporation also actively seeks financially accretive properties in other Canadian locations in order to expand its network of portable storage units.

#### **2. Basis of Presentation**

These interim financial statements and the notes thereto present the Corporation's financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as at and for the three months ended March 31, 2012, including 2011 comparative periods. They have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and accordingly these interim financial statements do not include all the necessary annual disclosures in accordance with IFRS.

These unaudited interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2011. The accounting policies and methods of computation followed in the preparation of these interim financial statements are consistent with those used in the preparation of the most recent annual report.

The interim financial statements have been prepared under the historical cost method, except for the revaluation of certain financial assets and financial liabilities to fair value. All amounts in these interim financial statements are expressed in Canadian dollars.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### 3. Accounting policies

##### *Significant Accounting Estimates and Judgments*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Property, plant and equipment – The Corporation determines the carrying value of its property, plant and equipment based on policies that incorporate estimates, assumptions and judgments relative to the useful lives and residual values of the assets. Estimates of future cash flows are based on the most recent available market and operating data at the time the estimate is made.
  - Impairment of goodwill – The Corporation tests goodwill for impairment annually or more often if events or circumstances indicate there may be impairment. This testing requires estimates to be made of future operations of cash generating units which include estimates of future revenues, costs, discount rates and cash flows.
  - Bad debts – The Corporation estimates potential bad debts based on an analysis of historical collection activity and specific identification of overdue accounts. Actual bad debts may differ from estimates made.
  - Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.
  - Compound financial instruments – Certain compound financial instruments, such as preferred shares and subordinated debentures, contain both a liability component and an equity component pursuant to IFRS. The determination of the amount attributable to each component is subject to assumptions made, and valuation models used, at the time the financial instrument is issued.
  - Stock based compensation – Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.
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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 3 - Continued

##### *Business Combinations*

All business combinations are accounted for by applying the acquisition method. On acquisition, the assets (including intangible assets), liabilities and contingent liabilities of an acquired entity are measured at their fair value. The Corporation recognizes intangible assets as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgment and includes assumptions on the timing and amount of future incremental cash flows generated by the assets acquired and the selection of an appropriate cost of capital. The useful lives of intangible assets are estimated, and amortization charged on a straight-line basis.

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Corporation's share of the net assets/net liabilities of the acquired entity at the date of acquisition. If the cost of acquisition is less than the fair value of the Corporation's share of the net assets/net liabilities of the acquired entity (i.e. a discount on acquisition) the difference is credited to the Statement of Income (Loss) and Comprehensive Income (Loss) in the period of acquisition. At the acquisition date, goodwill acquired is recognized as an asset and is allocated to each of the cash-generating units expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill. Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. The recoverable amount is the higher of fair value less costs to sell, and value in use. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Any impairment is recognized immediately in the Statement of Income (Loss) and Comprehensive Income (Loss) and is not subsequently reversed.

##### *Cash and Short Term Deposits*

Cash and short term deposits in the Statement of Financial Position is comprised of cash at bank and on hand, and short term, highly liquid deposits with an original maturity of 3 months or less. For the purpose of the Statement of Cash Flows, cash and short term deposits is as defined above, net of outstanding bank overdrafts, except where no right of set-off exists.

##### *Inventory*

Inventories are valued at the lower of cost and net realizable value. Cost, where appropriate, is determined using the first-in first-out method.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 3 - Continued

##### *Property, Plant and Equipment*

Property, plant and equipment are stated at historical cost less accumulated amortization and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Income (Loss) and Comprehensive Income (Loss) during the financial period in which they are incurred.

Once an asset is available for use in the location and condition intended by management, it is amortized to its residual value using the appropriate amortization rate set forth by management. Amortization is calculated using the declining balance method to allocate the cost of property, plant and equipment to their residual values over their estimated useful lives, as follows:

Buildings	4%
Leasehold improvements	20%
Vehicles	30% to 45%
Truck decks and cranes	20%
Storage containers	30%
Fences and parking lots	8%
Furniture and equipment	20%
Computer equipment	45%

Land is not amortized.

The residual value and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are recognized in the Statement of Income (Loss) and Comprehensive Income (Loss). Following the recognition of an impairment loss, the amortization charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 3 - Continued

##### *Goodwill and Other Intangible Assets*

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is tested for impairment on an annual basis and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows: Franchise Agreements - 10 years; Intangible Customer Relationships - 15 months. The cost of intangible assets acquired in a business combination is the fair value at acquisition date.

##### *Leases*

A lease is defined as an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period of time. Where the Corporation is a lessee and has substantially all the risks and rewards of ownership of an asset, the arrangement is considered a finance lease. Finance leases are recognized as assets of the Corporation within property, plant and equipment at the inception of the lease at the lower of fair value and the present value of the minimum lease payments. Assets held under finance leases are amortized on a basis consistent with similar owned assets. Payments made under finance leases are apportioned between capital repayments and interest expense charged to the Statement of Income (Loss) and Comprehensive Income (Loss). Other leases where the Corporation is a lessee are treated as operating leases. Payments made under operating leases are recognized in the Statement of Income (Loss) and Comprehensive Income (Loss) on a straight-line basis over the term of the lease.

Where the Corporation is a lessor and has transferred substantially all the risks and rewards of ownership of an asset to a lessee, the arrangement is considered a finance lease. For finance leases, capital amounts due from lessees are recognized as financial assets of the Corporation within trade and other receivables at the inception of the lease at the amount of the net investment in the lease after making provision for bad and doubtful debts. Payments received under finance leases are apportioned between capital repayments and interest income credited to the Statement of Income (Loss) and Comprehensive Income (Loss). Other leases where the Corporation is a lessor are treated as operating leases. For operating leases, the asset is capitalized within property, plant and equipment and amortized over its useful economic life. Payments received under operating leases are recognized in the Statement of Income (Loss) and Comprehensive Income (Loss) on a straight-line basis over the term of the lease.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### Note 3 - Continued

##### *Impairment of Non-Financial Assets*

The carrying values of all non-current assets are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill and intangible assets with indefinite useful lives are tested for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Any provision for impairment is charged to the Statement of Income (Loss) and Comprehensive Income (Loss) in the year concerned. Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortization, had no impairments been recognized.

##### *Income Taxes*

Income tax is comprised of current tax and deferred tax. Income tax is recognized in the Statement of Income (Loss) and Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the Statement of Financial Position date.

##### *Comprehensive Income (Loss)*

Comprehensive income is defined as the change in equity from transactions and other events and circumstances from non-owner sources. "Other comprehensive income" ("OCI") refers to items recognized in comprehensive income but that are excluded from net income. For the three months ended March 31, 2012 there was no other comprehensive income item, nor is there any accumulated balance of other comprehensive income.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 3 - Continued

##### *Loss per Share*

Basic earnings per common share is computed by dividing the net earnings by the weighted average number of common shares outstanding during the period. Diluted net earnings per share is calculated by dividing the net earnings by the weighted average number of shares outstanding as adjusted for the potential dilution that would occur if outstanding stock options, subordinated debentures, preferred shares or other potentially dilutive financial instruments were exercised or converted to common shares. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

##### *Share Capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds received.

##### *Revenue Recognition*

Revenue comprises all sales of goods and rendering of services at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes. Revenue is recognized when it can be measured reliably and the significant risks and rewards of ownership are transferred to the customer.

Storage units are rented to customers pursuant to rental agreements which provide for monthly rental terms with non-refundable rental payments. The rental agreements may be terminated by the customer without further obligation or cost upon vacating the storage unit. Revenue from rental agreements is recognized over the rental term pursuant to the rental agreement. Non-refundable customer deposits, which are received to hold a unit for rent at a future date, are deferred and recognized as revenue upon commencement of the rental agreement. Receipts of rental fees for future monthly periods are deferred and recognized as revenue when each respective monthly period commences. Provision is made for expected allowances as necessary.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized when the merchandise is delivered to the customer. Management fee revenue is recognized in accordance with the substance of the relevant agreement. Revenue from investments is recognized when earned.

##### *Segment Reporting*

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Corporation's CEO in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 3 - Continued

##### *Stock Based Compensation*

The fair value of stock options issued to directors and consultants under the Corporation's stock option plan is estimated at the date of issue using the Black-Scholes option pricing model, and charged to operations and contributed surplus. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. On the exercise of options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

The fair value of agent options issued to advisors in conjunction with financing transactions is estimated at the date of issue using the Black-Scholes option pricing model, and charged to share capital and contributed surplus over the vesting period. On the exercise of agent options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

Where stock options are cancelled, it is treated as if the stock options had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. However, if a new option is substituted for the cancelled option and is designated as a replacement option on the date that it is granted, the cancelled and the new options are treated as if they were a modification of the original option.

Option pricing models require that input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's share purchase options. Forfeitures are estimated for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period.

##### *Financial Instruments*

Financial assets can be classified as "fair value through profit or loss", "loans and receivables", "available-for-sale" or "held-to-maturity". Financial liabilities can be classified as "fair value through profit or loss" or "other financial liabilities".

All financial instruments are measured at fair value on initial recognition of the instrument.

Subsequent to initial recognition, measurement of financial assets and financial liabilities is based on the classification. Financial assets and financial liabilities classified as "fair value through profit or loss" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets classified as "available-for-sale" are measured at fair value with changes in fair value recognized in "other comprehensive income". Financial assets classified as "loans and receivables" or "held-to-maturity", as well as financial liabilities classified as "other financial liabilities" are measured at cost using the effective interest method of amortization.

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### Note 3 - Continued

“Loans and receivables” includes accounts receivable, and “other financial liabilities” includes accounts payable and accrued liabilities, current and long term debt, and the liability component of preferred shares. Transaction costs relating to “other financial liabilities” are applied against the carrying value of the related financial liabilities, and amortized into income using the effective interest rate method. Unless otherwise noted, it is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Corporation has determined that it does not have derivatives or embedded derivatives.

#### *Accounting Standards Issued but not yet Adopted*

The International Accounting Standards Board (the “IASB”) or the International Financial Reporting Interpretations Committee (the “IFRIC”) have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Corporation. There have been no pronouncements in addition to those disclosed in the December 31, 2011 annual audited financial statements.

#### 4. Cash

Cash represents balances on deposit at a Canadian Chartered Bank. These balances earn interest at Bank Prime less 2.25% when a minimum balance of \$100,000 is maintained. Term deposits, when used, are short term, highly liquid deposits with an original maturity of 3 months or less.

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**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***5. Property, Plant and Equipment**

	<b><u>Land, Yards, Buildings &amp; Improvements</u></b>	<b><u>Storage Containers</u></b>	<b><u>Vehicles</u></b>	<b><u>Office &amp; Computer Equipment</u></b>	<b><u>Total</u></b>
<b>COST</b>					
December 31, 2010	14,250,854	1,317,607	852,695	124,125	16,545,281
Additions	331,530	696,280	335,692	15,776	1,379,278
Disposals	(292,853)	-	(90,694)	-	(383,547)
Business acquisitions	-	-	-	-	-
December 31, 2011	14,289,531	2,013,887	1,097,693	139,901	17,541,012
Additions	3,472	9,813	84,385	246	97,916
Disposals	-	(1,200)	-	(2,243)	(3,443)
Business acquisitions	-	-	-	-	-
March 31, 2012	14,293,003	2,022,500	1,182,078	137,904	17,635,485
<b>ACCUMULATED AMORTIZATION</b>					
December 31, 2010	641,573	469,928	188,508	40,950	1,340,959
Amortization	459,055	358,747	218,922	25,634	1,062,358
December 31, 2011	1,100,628	828,675	407,430	66,584	2,403,317
Amortization	110,644	89,200	54,702	4,412	258,958
March 31, 2012	1,211,272	917,875	462,132	70,996	2,662,275
<b>NET BOOK VALUE</b>					
December 31, 2010	13,609,281	847,679	664,187	83,175	15,204,322
December 31, 2011	13,188,903	1,185,212	690,263	73,317	15,137,695
March 31, 2012	13,081,731	1,104,625	719,946	66,908	14,973,210
Pledged as security for finance leases:					
December 31, 2011					
Cost	-	95,911	-	-	95,911
Acc. Amortization	-	63,014	-	-	63,014
Net Book Value	-	32,897	-	-	32,897
March 31, 2012					
Cost	-	95,911	-	-	95,911
Acc. Amortization	-	65,481	-	-	65,481
Net Book Value	-	30,430	-	-	30,430

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***6. Intangible Assets**

	<u>Goodwill</u>	<u>Other Intangible Assets</u>		
		<u>Franchise Agreements</u>	<u>Tenant Relationships</u>	<u>Total</u>
<b>COST</b>				
December 31, 2010	1,448,607	20,000	506,000	526,000
Capital expenditures	-	-	-	-
Acquisitions	-	-	-	-
December 31, 2011	1,448,607	20,000	506,000	526,000
Capital expenditures	-	-	-	-
Acquisitions	-	-	-	-
March 31, 2012	1,448,607	20,000	506,000	526,000
<b>ACCUMULATED AMORTIZATION</b>				
December 31, 2010	-	4,000	488,666	492,666
Amortization	-	2,400	16,000	18,400
December 31, 2011	-	6,400	504,666	511,066
Amortization	-	600	1,334	1,934
March 31, 2012	-	7,000	506,000	513,000
<b>NET BOOK VALUE</b>				
December 31, 2010	1,448,607	16,000	17,334	33,334
December 31, 2011	1,448,607	13,600	1,334	14,934
March 31, 2012	1,448,607	13,000	-	13,000

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***7. Finance Lease Obligations**

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Finance lease obligation bearing interest at 7.85%, repayable in monthly blended installments of \$434 plus taxes, due April 2012.	439	1,714
Finance lease obligation bearing interest at 8.50%, repayable in monthly blended installments of \$447 plus taxes, due June 2012.	1,329	2,622
Finance lease obligation bearing interest at 8.65%, repayable in monthly blended installments of \$417 plus taxes, due August 2012.	1,949	3,140
The finance lease obligations noted above are secured by storage containers with a net book value of \$30,430 (December 31, 2010 - \$32,897)		
	<u>3,717</u>	<u>7,476</u>
Less current portion	<u>3,717</u>	<u>7,476</u>
	<u>-</u>	<u>-</u>

Minimum lease payments related to the finance lease obligations are as follows:

2012	3,771
2013	-
2014	-
2015	-
2016	-
	<u>3,771</u>
Less imputed interest	<u>(54)</u>
	3,717
Less current portion	<u>(3,717)</u>
	<u>-</u>

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***8. Long Term Debt**

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Commercial loan bearing interest at 6.15%, repayable in monthly blended installments of \$2,251, due November 2012	17,532	23,949
Commercial loan bearing interest at 5.30%, repayable in monthly blended installments of \$3,219, due January, 2014	67,182	75,873
Commercial loan bearing interest at 5.60%, repayable in monthly blended installments of \$3,517, due May 2014	85,867	95,132
Convertible debenture, bearing interest at 9.5%, due May, 2014. Interest only payments are due quarterly. Debenture holders have the right to convert at any time into Common Shares of the Corporation at the conversion price of \$0.32 per common share.	320,000	320,000
Mortgage repayable in monthly blended installments of \$32,600, bearing interest at 6.45%, due March, 2014. Secured by a first charge on the related land and property with a net book value of \$5,561,673 (December 31, 2011 - \$5,610,781) and a general assignment of rental revenue	3,233,957	3,279,939
Mortgage repayable in monthly blended installments of \$11,219, bearing interest at 5.72%, due August 2016. Secured by a first charge on the related land and property with a net book value of \$2,288,301 (December 31, 2011 - \$2,307,577) and a general assignment of rental revenue	1,584,817	1,595,971
Mortgage repayable in monthly blended installments of \$10,539, bearing interest at 5.80%, interest reset April 2012, due June 2030. Secured by a first charge on the related land and property with a net book value of \$2,142,675 (December 31, 2011 - \$2,258,209) and a general assignment of rental revenue	1,421,958	1,432,851

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***Note 8 - Continued**

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Mortgage repayable in monthly blended installments of \$8,184, bearing interest at 5.00%, due November 2015. Secured by a first charge on the related land and property with a net book value of \$2,240,420 (December 31, 2011 - \$2,258,898) and a general assignment of rental revenue	<b>1,361,186</b>	1,368,662
Mortgage repayable in monthly blended installments of \$2,700, bearing interest at 5.05%, due January 2014. Secured by a first charge on the related land with a net book value of \$384,556 (December 31, 2011 - \$384,556) and a general assignment of rental revenue	<b>226,181</b>	231,418
Accumulated costs to issue debt instruments	<b>(76,305)</b>	-
	<u><b>8,242,375</b></u>	<u>8,423,795</u>
Less current portion	<b>423,050</b>	423,518
	<u><b>7,819,325</b></u>	<u>8,000,277</u>

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2012 (balance of year)	319,399
2013	423,892
2014	708,271
2015	390,772
2016	415,012

In addition to the first charge on related land and property under mortgages noted above, long term debt and finance lease obligations are secured by a general security agreement covering all assets of the Corporation, a general assignment of rents and leases and an assignment of insurance coverage over all assets of the Corporation. The Corporation is subject to the following bank covenants:

- Annual cash flow coverage ratio of 1.25 or greater for the entire Corporation;
- Annual cash flow coverage ratio net of distributions of 1.10 or greater for the entire Corporation;
- Total debt to tangible net worth ratio at year end to be 2.75 to 1 or less

The Corporation is in compliance with bank covenants that are applicable at March 31, 2012.

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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**9. Preferred Shares**

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2010	4,046,068	2,677,440
Debt component of stock dividends paid	102,103	67,567
Balance, December 31, 2011	<u>4,148,171</u>	<u>2,745,007</u>
Debt component of stock dividends paid	25,926	17,156
Balance, March 31, 2012	<u><u>4,174,097</u></u>	<u><u>2,762,163</u></u>

The preferred shares pay a fixed-rate cumulative dividend of 5% per year payable as follows: i) 2.5% in cash payable quarterly, in arrears, from each respective drawdown date, calculated for the immediately preceding period, and; ii) 2.5% in preferred shares, credited quarterly, in arrears from each respective drawdown date, calculated for the immediately preceding period.

The preferred shares are convertible at the holder's option into common shares of Corporation for a period of three years from each respective drawdown date at a conversion price of \$0.30 and are retractable by the holder after the third anniversary of each respective drawdown date. The preferred shares are redeemable by the Corporation any time after the fourth anniversary of each respective drawdown date.

The preferred shares have a liability component because of the retraction feature and an equity component because of the conversion feature. The residual value method was used to value the liability component of the preferred shares.

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**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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**10. Share Capital**

Authorized: Unlimited number of common shares

Authorized: Unlimited number of preferred shares issuable in series

*Common shares issued:*

	<u>Number of Shares</u>	<u>Amount</u>
Balance, May 31, 2007 (inception)	-	-
Seed capital shares	5,000,000	500,000
Issued for cash pursuant to initial public offering	5,000,000	1,000,000
Share issuance costs	-	(167,034)
Balance, December 31, 2007	<u>10,000,000</u>	<u>1,332,966</u>
Private placement	18,391,304	4,230,000
Broker compensation - private placement	678,696	156,100
Shares issued for property acquired	2,466,798	567,364
Share issuance costs	-	(266,907)
Balance, December 31, 2008	<u>31,536,798</u>	<u>6,019,523</u>
Shares issued for property acquired	2,173,913	500,000
Share issuance costs	-	(6,337)
Balance, December 31, 2009 and 2010	<u>33,710,711</u>	<u>6,513,186</u>
Acquired and cancelled-normal course issuer bid	(239,500)	(46,271)
Balance, December 31, 2011 and March 31, 2012	<u><u>33,471,211</u></u>	<u><u>6,466,915</u></u>

On April 21, 2011, the Corporation received regulatory approval from the TSX Venture Exchange (the "Exchange") to make a Normal Course Issuer Bid to purchase for cancellation, during the 12-month period commencing April 25, 2011, up to 1,685,536 of its common shares, representing 5% of the common shares outstanding as at April 19, 2011. The program will end on April 24, 2012. As of March 31, 2012 the Corporation had purchased through the Exchange 239,500 shares for a total expenditure of \$57,366 (average price of \$0.2395 per share) and a total of 239,500 shares had been cancelled.

*Preferred shares issued:*

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2010	4,046,068	1,332,477
Dividends-shares credited to account	102,103	34,537
Balance, December 31, 2011	<u>4,148,171</u>	<u>1,367,014</u>
Dividends-shares credited to account	25,926	8,770
Balance, March 31, 2012	<u><u>4,174,097</u></u>	<u><u>1,375,784</u></u>

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**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***Note 10 - Continued***Contributed surplus:*

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Opening balance	470,208	470,208
Stock based compensation	-	-
Ending balance	<u>470,208</u>	<u>470,208</u>

*Stock Options*

The Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants of the Corporation, 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, exercisable for a period of up to 10 years from the date of grant, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding shares. The exercise price for purchasing these shares cannot be less than the minimum exercise price as provided by stock exchange rules.

The following table summarizes information about stock options outstanding as at:

	<u>March 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Opening	3,200,000	\$0.22	3,200,000	\$0.22
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Closing and Exercisable	<u>3,200,000</u>	<u>\$0.22</u>	<u>3,200,000</u>	<u>\$0.22</u>

Stock options outstanding are as follows:

Exercise Price	Expiry Date	Outstanding March 31, 2012	Outstanding December 31, 2011
\$0.20	Nov 5, 2012	1,000,000	1,000,000
\$0.23	May 6, 2014	2,200,000	2,200,000

**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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**11. Income Taxes**

The Corporation has non-capital losses at December 31, 2011 of \$1,577,853 (December 31, 2010 - \$1,190,404), which expire as follows:

		<u>2011</u>	<u>2010</u>
Non-capital loss carry forwards available until:	2027	63,854	63,854
	2028	296,264	296,264
	2029	272,049	272,049
	2030	558,237	558,237
	2031	387,449	-
		<u>\$ 1,577,853</u>	<u>\$ 1,190,404</u>

**12. Financial Risk Management and Fair Value**

The Corporation is required to disclose certain information concerning its financial instruments, which are defined as contractual rights to receive or deliver cash or other financial assets. The fair values of the Corporation's cash and short term deposits, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount because of short period to scheduled receipt or payment of cash. The fair value of the Corporation's debt obligations, including the liability component of preferred shares is estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Corporation might pay or receive in actual market transactions.

The fair value of financial assets and liabilities were as follows:

	<u>As at March 31, 2012</u>		<u>As at December 31, 2011</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>
Financial Assets				
Fair Value through Profit or Loss				
Cash and short term deposits	364,780	364,780	694,641	694,641
Loans and Receivables				
Accounts receivable	238,893	238,893	334,798	334,798
Financial Liabilities				
Other Financial Liabilities				
Accounts payable and accrued liabilities	224,735	224,735	170,186	170,186
Long term debt	8,242,375	9,559,000	8,423,795	8,867,000
Preferred shares	2,762,163	2,202,000	2,745,007	2,188,000

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## StorageVault Canada Inc.

### Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2012 and 2011

(Unaudited)

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#### Note 12 - Continued

IFRS establishes a three tier fair value hierarchy to reflect the significance of the inputs used in measuring the fair value of the Corporation's financial instruments. The three levels are:

Level 1 – This level includes assets and liabilities measured at fair market value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.

Level 2 – This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.

Level 3 – The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value instrument.

The following table presents information on the Corporation's assets and liabilities measured at fair value and indicates the fair value hierarchy of the valuation techniques used to determine this fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Cash and short term deposits	\$364,780	-	-	\$364,780

Financial instruments may expose the Corporation to a number of financial risks including interest rate risk, credit risk and environmental risk.

- a) Interest rate risk – Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Corporation's financial assets or liabilities. Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Corporation is exposed to interest rate risk primarily relating to its long-term debt. The Corporation will manage interest rate risk by utilizing fixed interest rates on a majority of its mortgages, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding. The Corporation presently has no floating rate debt.
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**StorageVault Canada Inc.**

**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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**Note 12 - Continued**

- b) Credit risk - Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their financial commitments to the Corporation. Credit risk in storage facilities is mitigated by restricting access by, and ultimately, seizing the property of tenants who are delinquent in payment. Risk is also mitigated as no individual tenant accounts for greater than 5% of the Corporation's overall property income.

The following table sets forth details of accounts receivable and related allowance for doubtful accounts:

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Accounts receivable under 30 days aged	\$113,819	\$85,825
Accounts receivable over 30 days aged	130,692	251,282
Allowance for doubtful accounts	<u>(5,618)</u>	<u>(2,309)</u>
	\$238,893	\$334,798

- c) Liquidity risk – Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities.
- d) Environmental risk – Environmental risk is inherent in the ownership of property. Various municipal, provincial and federal regulations can result in penalties or potential liabilities for remediation should hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to sell the property, or it might expose the Corporation to civil law suits. To mitigate such risk, the Corporation will obtain a recent Phase I environmental report for all material acquisitions. It also prohibits the storage of hazardous substances as a condition of the rental contract signed by tenants.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant currency risk.

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## **StorageVault Canada Inc.**

### **Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### **13. Related Party Transactions**

During the three months ended March 31, 2012, the Corporation paid management fees of \$42,000 (March 31, 2011 - \$25,000) to Detteson Management Inc. ("Detteson"), a corporation controlled by Alan A. Simpson and Glenn E. Fradette, who are directors and officers of the Corporation. Pursuant to a management agreement, Detteson is entitled to a base management fee of \$168,000 per year commencing May 1, 2011, subject to an annual increase of 3% on May 1 of each subsequent year as well as an annual performance fee of 4% of Net Operating Income if the Corporation attains 85% or greater of its annual board-approved budgeted Net Operating Income for that fiscal year.

During the three months ended March 31, 2012, the Corporation reimbursed travel and related expenses of \$7,221 (March 31, 2011 - \$128) to Detteson. These expenses, which were reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the three months ended March 31, 2012, the Corporation paid loan guarantee fees of \$2,178 (March 31, 2011 - \$2,046) to Alan A. Simpson and loan guarantee fees of \$2,178 (March 31, 2011 - \$2,046) to Glenn E. Fradette, both of whom are directors and officers of the Corporation. As a condition of the assumption of the mortgage on T. C. Mini Storage Ltd., both Alan A. Simpson and Glenn E. Fradette were required to provide personal guarantees for the entire outstanding principal balance of the mortgage. The loan guarantee fees are compensation for the provision of these guarantees, and are paid on a monthly basis at the rate of 0.5% of the original mortgage principal, per person.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of PUPS portable storage franchises throughout Canada. CPFI is a corporation controlled by Alan A. Simpson and Glenn E. Fradette, who are directors and officers of the Corporation. The Corporation pays a continuing monthly royalty of 3.5% of the gross sales in relation to the Franchise Rights and PUPS and purchases storage containers and certain PUPS related equipment from CPFI. During the three months ended March 31, 2012, the Corporation paid \$14,041 (March 31, 2011 - \$5,743) for royalties and \$231,407 (March 31, 2011 - \$424,094) for storage containers and other equipment under the Master Franchise Agreement.

During the year ended December 31, 2009, the Corporation issued \$320,000 of convertible, unsecured debentures of which \$210,000 was issued to officers, directors and spouses of directors of the Corporation. During the three months ended March 31, 2012, interest paid on the debentures to officers, directors and spouses of directors of the Corporation was \$4,988 (March 31, 2011 - \$4,988).

Included in accounts payable and accrued liabilities, relating to the previously noted transactions, at March 31, 2012 was \$3,822 (March 31, 2011 - \$2,302) payable to CPFI.

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## **StorageVault Canada Inc.**

### **Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### **14. Capital Risk Management**

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation defines capital as shareholders' equity excluding contributed surplus, and long term debt. 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, issue new debt, acquire or dispose of assets, and adjust the amount of cash and short term deposits. The Board of Directors does not establish a quantitative return on capital criteria, but rather promotes year over year sustainable growth.

On an ongoing basis, the Corporation reviews and assesses its capital structure. The Corporation determines the appropriate mortgage debt to be placed on properties at the time a particular property is acquired or when an existing mortgage financing matures. Consideration is given to various factors including, but not limited to, interest rates, financing costs, the term of the mortgage and the strength of cash flow arising from the underlying asset. Mortgage debt is usually only secured by the underlying asset. The Corporation monitors its capital using a debt to gross book value ratio. Debt includes mortgages, term debt and subordinated debt. Gross book value of assets is total assets plus accumulated amortization of income properties. The Corporation's debt to gross book value ratio at March 31, 2012 is 41.2% (December 31, 2011 – 41.7%).

Except for the debt covenants described in Note 8, the Corporation is not subject to any externally imposed capital requirements.

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**StorageVault Canada Inc.****Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)***15. Segmented Information**

The Corporation operates three reportable business segments. Each segment is a component of the Corporation for which separate discrete financial information is available for evaluation by the chief decision makers of the Corporation. The reportable segments are defined by their product offering, being Fixed Self Storage, Portable Storage and Equipment Sales.

The Corporation evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization and share based compensation. The accounting policies for the business segments are the same as those described in Note 3 – Accounting Policies. Corporate costs are not allocated to the segments and are shown separately below.

**For the Three Months Ended March 31, 2012**

	Fixed Self Storage	Portable Storage	Equipment	Corporate	Total
Revenue	\$ 487,307	\$ 299,956	\$ -	\$ 283	\$ 787,546
Operating expenses	190,332	192,275	-	148,491	531,098
Interest revenue	-	-	-	1,337	1,337
Interest expense	112,511	5,558	-	41,915	159,984
Amortization	112,120	147,270	-	1,502	260,892
	72,344	(45,147)	-	(190,288)	(163,091)
Gain on disposal	-	-	-	-	-
Net income/(loss)	\$ 72,344	\$ (45,147)	\$ -	\$ (190,288)	\$ (163,091)
Acquisition of Property, Plant & Equipment	3,352	94,318	-	246	97,916

**For the Three Months Ended March 31, 2011**

	Fixed Self Storage	Portable Storage	Equipment	Corporate	Total
Revenue	\$ 497,750	\$ 160,999	\$ -	\$ 20,234	\$ 678,983
Operating expenses	181,371	161,840	-	131,223	474,434
Interest revenue	-	-	-	2,488	2,488
Interest expense	115,598	6,439	-	42,673	164,710
Amortization	120,594	113,949	-	1,359	235,902
	80,187	(121,229)	-	(152,533)	(193,575)
Gain on disposal	-	-	-	-	-
Net income/(loss)	\$ 80,187	\$ (121,229)	\$ -	\$ (152,533)	\$ (193,575)
Acquisition of Property, Plant & Equipment	2,619	507,435	-	38	510,092

## **StorageVault Canada Inc.**

### **Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2012 and 2011

*(Unaudited)*

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#### **16. Subsequent Events**

On April 11, 2012 the Corporation announced the acquisition of 2.16 acres of undeveloped land in Saskatoon, SK. The acquisition was conducted through a Court approved sales process with the transfer of title being conveyed to the Corporation on April 9, 2012. The aggregate purchase price was \$480,000 (subject to customary adjustments) and was paid for by \$360,000 of bank mortgage financing and the remainder in cash. The Corporation's intention is to use this land for an expanded PUPS operation in Saskatoon and to develop fixed on-site storage using PUPS containers.

On April 30, 2012 the Corporation completed the acquisition from an arm's length vendor of all of the assets and business of Space Place Self Storage (South), a self-storage facility located in Calgary, Alberta. The aggregate purchase price is \$3,000,000. After standard customary closing adjustments and property transfer taxes, the purchase price was comprised of cash deposits totaling \$100,000, a final cash payment of \$635,623, and mortgage financing of \$2,250,000. The self-storage facility has over 400 rental units with approximately 35,000 square feet of rentable self-storage space together with outdoor spaces for storage of vehicles. The total size of the site is approximately 1.50 acres. The Corporation intends to develop and operate a PUPS portable storage business in Calgary in conjunction with the acquisition of this facility.

On April 24, 2012, the Corporation announced that it entered into a credit agreement (the "Credit Agreement") with Bank of Montreal ("BMO"), pursuant to which BMO has agreed to make available to the Corporation credit facilities in the amount of up to \$24 million. Such credit facilities are comprised of: (i) a \$20 million revolving credit facility for re-financing of existing term debt and for future acquisition of self-storage facilities; (ii) a \$2 million revolving credit facility for expansion of PUPS portable storage facilities; (iii) a \$1 million revolving credit facility for the purchase of equipment associated with the operation of PUPS; and (iv) a treasury risk management facility subject to a limit of \$1 million. Financing under the terms of the Credit Agreement is subject to a number of customary and usual conditions for this type of transaction, including but not limited to: (i) satisfactory completion of loan, security and account documentation, and lender due diligence; (ii) satisfactory compliance by the Corporation with financial and non-financial covenants normally applicable to transactions of this nature; and (iii) compliance by the Corporation with all material laws, including environmental regulations. There is no assurance that the Corporation will be able to satisfy all terms and conditions of the Credit Agreement that are required in order to be eligible to drawdown funds under the credit facilities. Furthermore, even if the Corporation does satisfy such terms and conditions, there is no assurance that the Corporation will take advantage of the credit facilities under the Credit Agreement and drawdown any funds.

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# StorageVault Canada Inc.

## DIRECTORS

Dan Baldwin  
Regina, SK

Paul G. Smith  
Toronto, ON

Alan Simpson  
Regina, SK

Glenn Fradette  
Regina, SK

Rob Duguid  
Regina, SK

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Chief Executive Officer

Glenn Fradette  
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## TSX VENTURE EXCHANGE LISTING

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