Consolidated financial statements of

Tribute Resources Inc.

September 30, 2013 and 2012

Tribute Resources Inc.

(Incorporated under the laws of Alberta)

Condensed consolidated statements of income

(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
	$	$	**$**	$
Development project revenue (Note 17)	**-**	-	**-**	-
Project costs	**-**	-	**-**	-
	-	-	**-**	-
Other revenue				
Project management fees	**-**	-	**-**	3,605
Petroleum and natural gas sales	**34,426**	23,146	**90,649**	71,390
Less: Royalties paid	**(5,543)**	(4,060)	**(14,582)**	(11,854)
	28,883	19,085	**76,067**	63,141
Expenses				
Well operations	**15,888**	19,835	**51,036**	53,048
Amortization and depletion	**13,140**	14,861	**41,157**	44,788
General and administrative	**191,384**	108,693	**557,315**	307,891
Interest and service charges	**66,431**	13,931	**115,098**	161,583
Management fees	**39,781**	20,688	**94,574**	62,418
Stock based compensation expense	**160,360**		**160,360**	3,000
Accretion of asset retirement obligation	**1,500**	1,500	**4,500**	4,500
	488,483	179,508	**1,024,038**	634,227
Loss before other income and taxes	**(459,601)**	(160,423)	**(947,971)**	(571,086)
Other income (loss)				
Interest				1,531
Gain on sale of assets	**356,094**	-	**2,129,094**	-
Share of loss from long-term investments (Note 8)	**(172,055)**	(81,444)	**(378,871)**	(250,297)
Impairment loss	**455,382**	-	**(192,420)**	-
Income before income taxes	**179,821**	(241,867)	**609,832**	(819,852)
Net income for the period	**179,821**	(241,867)	**609,832**	(819,852)
Attributable to:				
Non-controlling interest	-	-	**(19,987)**	-
Owners of the parent Company	**179,821**	(241,867)	**629,819**	(819,852)
	179,821	(241,867)	**609,832**	(819,852)
Basic earnings per share (Note 11)	**0.003**	(0.004)	**0.009**	(0.012)
Diluted earnings per share (Note 11)	**(non dilutive)**	(non dilutive)	**(non dilutive)**	(non dilutive)

Tribute Resources Inc.

(Incorporated under the laws of Alberta)

Condensed consolidated Statement of Financial Position

(Unaudited)

	September 30, 2013	December 31, 2012
	$	$
Assets		
Current assets		
Cash and cash equivalents	**134,531**	66,805
Accounts receivable	**70,322**	127,415
Prepaid expenses and security deposits	**87,014**	77,682
	291,866	271,902
Non-current assets		
Long-term investments (Note 7)	**2,004,899**	2,433,770
Energy projects under development (Note 4)	**3,736,105**	2,626,517
Property and equipment (Note 5)	**412,663**	357,321
	6,445,533	5,689,510
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**317,061**	293,882
Short term note (Note 8)	**2,248,299**	120,000
Term loan (Note 9)	**-**	1,500,000
	2,565,359	1,913,882
Deferred income tax liability	**-**	-
Provisions (Note 6)	**141,575**	137,075
Long term debt (Note 10)	**-**	500,000
	2,706,934	2,550,957
Commitments and Contingencies (Note 13)		
Shareholders' equity		
Share capital (Note 11)	**10,731,499**	10,336,147
Contributed surplus (Note 11)	**3,682,240**	3,521,880
(Deficit) retained earnings	**(10,794,746)**	(10,842,465)
Equity of the owners of the Company	**3,618,993**	3,015,562
Non-controlling interest	**119,605**	122,992
	3,738,598	3,138,554
	6,445,533	5,689,511

Approved by the Board

____________________ Director

____________________ Director

Tribute Resources Inc.

(Incorporated under the laws of Alberta)

Condensed consolidated statements of changes in equity

(Audited)

	Common Shares			Retained		
	Number of shares	Amount	Contributed surplus	Earnings (Deficit)	Non-controlling interest	Total
		$	$	$	$	$
Balances, December 31, 2011	68,821,223	10,339,097	3,364,853	(3,334,334)	17,380	10,386,997
Shares redeemed pursuant to Normal Course Issuer Bid	(55,000)	(2,950)	-	-	-	(2,950)
Fair value of stock options issued	-	-	157,027	-	-	157,027
Investment made by non-controlling interest	-	-	-	-	575,000	575,000
Loss for the year	-	-	-	(7,508,131)	(469,388)	(7,977,519)
Balances, December 31, 2012	68,766,223	10,336,147	3,521,880	(10,842,465)	122,992	3,138,554
Shares redeemed pursuant to Normal Course Issuer Bid	(527,000)	(36,045)	-	-	-	(36,045)
Fair value of stock options issued	-	-	160,360	-	-	160,360
Investment made by non-controlling interest	-	-	-	-	50,000	50,000
Shares exchanged for interest in subsidiary company	7,189,950	431,397	-	-	-	431,397
Excess paid over book value in purchase of minority interest	-	-	-	(582,100)	(33,400)	(615,500)
Net income for the period	-	-	-	629,819	(19,987)	609,832
Balance as at September 30, 2013	75,429,173	10,731,499	3,682,240	(10,794,746)	119,605	3,738,598

Tribute Resources Inc.

(Incorporated under the laws of Alberta)

Condensed consolidated statements of cash flows

(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
	$	$	**$**	$
Operating activities				
Net profit for the period	**179,821**	(241,867)	**609,832**	(819,850)
Add (deduct) items not involving cash				
Share of loss from long-term investments	**172,055**	81,444	**378,871**	250,297
Amortization and depletion	**13,140**	14,861	**41,157**	44,788
Accretion of asset retirement obligation	**1,500**	1,500	**4,500**	4,500
Stock based compensation expense	**160,360**		**160,360**	
Non-controlling interest impairment loss	**-**	-	**19,987**	-
Provision for decline in value of assets	**(455,382)**	-	**172,433**	-
	71,494	(144,062)	**1,387,140**	(520,265)
Changes in non-cash balances related to operations				
Accounts receivable	**279,377**	22,315	**57,094**	(20,848)
Prepaid expenses and security deposits	**(8,472)**	(15,830)	**(9,332)**	10,609
Development deposit	**-**	-	**-**	2,400,000
Accounts payable and accrued liabilities	**(27,951)**	(39,155)	**(23,179)**	(57,861)
	314,448	(176,732)	**1,411,723**	1,811,635
Financing activities				
Distribution to (receipt from) non-controlling interest	**-**	57,000	**-**	542,000
Proceeds from term loan	**-**	-	**(1,500,000)**	(850,000)
Proceeds from short term financing	**403,299**	-	**2,128,299**	(525,000)
Proceeds from long term financing	**-**	-	**(500,000)**	-
Normal course issuer bid purchases	**(1,780)**		**(36,045)**	
	401,519	57,000	**92,254**	(833,000)
Investing activities				
Proceeds on disposal of property and equipment	**-**	-	**-**	-
Energy projects under development	**(547,604)**	249,919	**(1,356,250)**	(704,442)
Exploration and evaluation assets	**-**	-	**-**	-
Long-term investments - shares	**-**	63,000	(80,000)	(126,000)
	(547,604)	312,919	**(1,436,250)**	(830,442)
Net increase in cash	**28,970**	(432,651)	**67,726**	148,193
Cash and cash equivalents beginning of period	**105,561**	646,786	**66,805**	67,475
Cash and cash equivalents, end of period	**134,531**	214,135	**134,531**	215,668

1. Nature of operations

Tribute Resources Inc. ("Company" or "Tribute") is a publicly traded energy company incorporated under the Business Corporations Act of the Province of Alberta on May 15, 1997. Tribute has two primary lines of business: underground natural gas storage development and renewable energy development. Tribute's focus is on increasing shareholder value through the development and ownership of both underground natural gas storage and renewable energy projects in the Canada. The address of the Company's head office is 309 Commissioners Road West, Unit D, London, Ontario N6J 1Y4.

The Company currently operates in one geographic region, Canada, and one industry segment, energy.

These financial statements were approved by the Board of Directors on November 20, 2013.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board using the historical cost basis.

These consolidated financial statements have been prepared in accordance with IFRS. The Company has incurred operating losses in the past several years and has an accumulated deficit of $10,794,746 as well as a working capital deficiency of $2,273,493. The business activities are long term in nature and are subject to various levels of regulatory approval which creates risk as there is no certainty that these ventures will be carried through to completion. However, the Company has been successful in the past with similar projects and has two projects that are awaiting a final milestone to be met before additional funds are received (see Note 17). Management believes that other projects that are at various stages of regulatory approval will be successful and has arranged additional working capital financing to be made available to the Company in the future but management recognizes that additional funds will be required in the future to sustain its project development.

Principles of consolidation

The consolidated financial statements reflect the consolidated financial position and results of operations of the Company, its wholly-owned subsidiaries, Bayfield Resources Inc., Bayfield Pipeline Corp., Nanticoke Wind Corp., Dover East Wind Corp., Mar Wind Corp, and the newly acquired Western Tidal Holdings Ltd. (WTH) and Western Tidal Power Ltd. (WTP) as well as the Huron Bayfield Limited Partnership, Nanticoke Wind Limited Partnership and Dover East Wind Limited Partnership, all wholly owned entities. In August 2013, Tribute acquired all outstanding common In late June 2013, Dover East Wind Limited Partnership acquired the 300 outstanding units held by third parties, making it now a wholly owned subsidiary. Mar Silver Birch Limited Partnership, an entity in which the Company owns 55 of the 68 outstanding units is the only entity which is not wholly owned by Tribute. All inter-company transactions and balances have been eliminated.

Tribute has recently acquired 100% of the shares in WTH and WTP for $874,356 in value. The acquisition was made through a cash purchase of shares for $155,000, occurring in Q4 2012 and Q1 2013 and through a share exchange whereby Tribute issued 7,189,950 shares from treasury, at a market value of $431,397. Now owned 100% by TRB, WTH will remain active as a private subsidiary registered in British Columbia. WTH is focused on developing tidal power electrical generation facilities in and around the Gulf Islands of the province of British Columbia. The power will connect to the BC Hydro electrical transmission and distribution networks. WTH has in excess of 280 MW of early stage tenure applications for tidal power site investigation with the BC government at locations that meet its development and sustainability criteria. British Columbia has over 4,000 MW of estimated tidal resources of which 10 to 20% meet present regulations, environmental and technical conditions.

2. Significant accounting policies (continued)

Presentation currency

The Company's presentation and functional currency is the Canadian dollar.

Exploration and evaluation of intangible oil and gas assets

Capitalization

The Company applies the full cost method of accounting for Exploration and Evaluation (E&E) costs on its petroleum and natural gas properties. Under the full cost method of accounting for E&E costs, expenditures made on the exploration for and evaluation of oil and gas properties are capitalized on a well by well basis from the time the Company obtains the legal rights to explore in an area until completion of the evaluation of the property. Costs that qualify for capitalization are recorded as an E&E asset until a determination is made about the future of the asset. E&E assets are not depleted until the exploration phase is complete and are subject to impairment testing described below. Costs incurred prior to the legal right to explore an area are expensed immediately.

Upon completion of the exploration phase, and when technically feasible and commercially viable reserves are discovered, the capitalized assets are reclassified to producing assets on the balance sheet as either equipment or petroleum and natural gas ("P&NG") assets within property and equipment after being tested for impairment. Any impairment loss would be immediately recognized as a charge to income prior to reclassification. Depletion or amortization of the assets would commence subsequent to this date.

Impairment

Impairment testing is performed at the individual well level as this is the lowest cash generating unit identifiable in accordance with IAS 36 "Impairment of Assets".

For E&E assets, an annual review for impairment factors is performed. If an indicator of impairment exists such that the book value of an asset may not exceed its recoverable amount, then an impairment assessment is performed. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If the carrying value exceeds the recoverable amount, the difference is written off to the statement of income in that period.

Property and equipment

Capitalization and amortization

Petroleum and natural gas assets represent the cost of developing the commercial reserves and bringing them into production. P&NG assets include the E&E costs that are transferred in accordance with the accounting policy on E&E assets.

P&NG assets are depleted on a unit of production basis based on proved and probable reserves which are assessed by independent reserve engineers at least annually.

Non P&NG property and equipment are recorded at cost net of accumulated depreciation and any provision for impairment. Amortization of these assets is calculated using the following annual rates.

Equipment – declining balance method at an annual rate of 20%
Leasehold improvements – straight line basis over 5 years

Impairment

An annual assessment is made to determine if the carrying value of property and equipment is less than its recoverable amount. For P&NG assets, the recoverable amount is based on the discounted future cash flows on a well by well basis using forecasted cost and prices. The difference between the value in use and the carrying value is recognized in the statement of

2. Significant accounting policies (continued)

income as an impairment loss. If in a subsequent period the impairment loss reverses, the

carrying value of the asset is increased to the lesser of the revised recoverable amount and the original carrying value of the asset had no impairment loss been recognized.

Energy projects under development

Capitalization

The Company has a number of energy projects under development at any point in time, which includes renewable energy and natural gas storage. Given the size of these projects and the regulatory approvals that need to be obtained prior to any project being developed, the time period for the completion of any of these projects spans several years. Upon the Company obtaining approvals or completing projects to certain defined milestones, a majority interest in these projects will generally be sold to third parties. Capitalized costs incurred by the Company to that point in time will then be removed from the books with any gain or loss being recognized in income.

Costs incurred in the development of these projects are initially intangible in nature and consist of legal, engineering, design, regulatory and consulting costs. Provided that the Company has the ability to control the resource and the future economic benefits are expected to flow to the Company, these costs are capitalized. Costs incurred prior to being able to meet these two criteria would be expensed. These projects are not depreciated until they achieve commercial operation but are subject to regular tests for impairment.

Impairment

Each of these energy projects is tested annually for impairment or when events prior to the annual review indicate that impairment may exist. For each project, the recoverable amount is determined and, where this value is less than the carrying value, an impairment loss is recognized. Impairment testing takes into consideration the carrying values plus costs to develop the projects and other market considerations. Impairment losses previously recognized can be reversed and the carrying value restored to the lesser of the original carrying value and the new recoverable amount.

Provisions for decommissioning and environmental rehabilitation

A provision is recognized if, as a result of a past event, the Company has a future obligation resulting from the retirement and reclamation of the tangible long-lived assets and this obligation can be reliably estimated. The obligation is measured at the present value of management's best estimate of the expected expenditures required to settle this obligation and is recorded in the period the related assets are put into use with a corresponding increase to the carrying amount of the related assets. This increase in capitalized costs is deducted against income on a basis consistent with the underlying assets. Subsequent changes in the estimated fair value of the asset retirement obligation are capitalized and depleted over the remaining useful life of the underlying asset.

The asset retirement obligation liabilities are carried on the statement of financial position at their discounted present value and are accreted over time for the change in their present value. The obligation is discounted at a rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

Jointly controlled operations

A portion of the production activities of the Company are conducted jointly with others and accordingly these financial statements reflect only the Company's proportional interest in these activities.

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of 90 days or less at purchase.

Long-term investments

Long-term investments consist of the Company's investments in Tipperary Gas Corp., Huron Tipperary Limited Partnership 1 and Western Tidal Holdings Ltd. The first two investments are accounted for using the equity method since the Company has significant influence over the financial and operating policies of these entities. Investments under the equity method are initially recorded at cost and the amount of the investment is adjusted annually for the Company's pro-rata share of earnings from the investment and reduced by the receipt of any dividends or distributions from equity. The investment in Western Tidal Holdings Ltd. is carried at cost.

Flow-through shares

Share capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act (Canada) (the "Act"). The Act provides that, where the share issuance proceeds are used for qualified Canadian exploration and development expenditures, the related tax deductions may be renounced to subscribers. Accordingly, these expenditures provide no income tax deductions to the Company. At the time of closing financing involving flow-through shares, the Company allocates the gross proceeds received as follows:

i. Other liabilities – the flow-through share premium is recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature;
ii. Contributed surplus – if warrants are issued, the fair value of the warrants is allocated to contributed surplus; and
iii. Share capital – the residual balance is allocated to share capital.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense and liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits of qualifying resource expenditures already incurred to have been effectively transferred, if it has formally renounced those expenditures at any time before or after the end of the reporting period. Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

Income taxes

Current income taxes are measured at the amount expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period.

The Company follows the liability method of accounting for deferred income taxes. Under this method, deferred income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. Deferred income tax assets are recognized to the extent it is more likely than not they will be realized.

Share capital

Share capital includes proceeds received from the issuance of common shares and the issuance of flow through shares. Costs related to these share issuances are treated as a reduction of the proceeds from the respective issuance in share capital.

2. Significant accounting policies (continued)

Revenue recognition

The Company recognizes revenue associated with the production and sale of petroleum products at the time of shipment and are recorded when received or receivable if the amount to be received can be reasonably measured and when collection is reasonably assured.

Revenue received from wind development projects are recognized when the amount to be received can be reasonably estimated and when the associated milestone is met.

Earnings per common share

Basic earnings per common share are calculated by dividing the net income (loss) for the year by the weighted average number of common shares outstanding in each respective year. Diluted earnings per common share reflect the potential dilution of securities by adding other common share equivalents in the weighted average number of common shares outstanding during the year, if dilutive.

General and administrative expenses

General and administrative expenses are charged to operations as incurred.

Stock-based compensation

The Company recognizes stock-based compensation expenses when stock options are granted using the fair value method determined using the Black-Scholes option pricing model. Under the fair value method, compensation cost is measured at fair value at the grant date and is charged to operations over the vesting period with an offset to contributed surplus. Any consideration received on exercise of options is credited to share capital.

Financial instruments

Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through the statement of income, which are initially measured at fair value.

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, short term note, term loan and long term debt. The Company classifies its financial instruments in the following categories: financial assets at fair value through the statement of income, loans and receivables, available for sale and other financial liabilities. The measurement basis for each of these categories is described below:

<u>Financial assets at fair value through the statement of income</u>

In this category are assets acquired principally for the purpose of selling in the short term. They are initially recognized and subsequently carried at fair value with changes recognized in the statement of income in the period they arise. The Company has classified cash and cash equivalents in this category.

<u>Loans and receivables</u>

Financial instruments in this category have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. Accounts receivable has been classified as loans and receivables.

<u>Available for sale</u>

Available for sale financial assets are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income. Financial assets are either designated in this category or not classified in any of the other categories. The Company has no available for sale assets.

2. Significant accounting policies (continued)

Other financial liabilities

These liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method. The Company has classified accounts payable, the short term note, term loan and long term debt as other financial liabilities.

Fair value hierarchy

The Company is required to classify their financial instruments within a hierarchy that prioritizes the inputs to fair market value. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in an active market for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Contingent liabilities

A contingent liability is a possible obligation whose existence will be confirmed only by future events or a present obligation where it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation can't be measured reliably. Two conditions must be met in order for a contingent liability to be accrued in the financial statements:

i. Future events have confirmed the existence of the present obligation which is expected to result in an outflow of economic resources; and
ii. The amount of the obligation can be measured reliably.

Unless these two conditions can be met, the contingent liability is disclosed in the financial statements.

Capital management disclosures

The Company discloses the entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, whether the entity has complied with any capital requirements and if it has not complied, the consequences of non-compliance.

Critical accounting estimates and judgements

The preparation of financial statements requires management to select accounting policies and make judgements and estimates about the future that may affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the financial statement date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Management believes that the assumptions used to calculate these estimates are reasonable. However, changes in the assumptions underlying these estimates could result in changes to the financial statements of future periods that could be material.

The following are the critical estimates and judgements that were made by management in the preparation of these financial statements

a. Recording of depletion

The Company's petroleum reserves represent the estimated quantities of petroleum products which engineering data can demonstrate with a certain degree of accuracy as being economically recoverable from known reservoirs and can be recovered in a commercially viable manner. The amount of depletion recorded in any particular year or quarter is dependent upon the amount of recoverable reserves that are in place by

2. Significant accounting policies (continued)

the Company. The estimate of these reserve balances is prepared on an annual basis by an independent petroleum engineer. However, in the course of estimating these reserves and their value, assumptions are made about future commodity prices, decline rates, remediation costs, future capital costs, future operating costs and operational up-time.

b. Share based payments

Share based compensation is valued using the Black Scholes option pricing model. In utilizing this model, assumptions have to be made about option life, share volatility, dividend yields, risk free rates of return and estimated forfeitures at the grant date of options.

c. Impairment testing

Impairment testing requires the Company to segregate its assets into cash generating units. This segregation is an estimate made by management and is therefore subject to uncertainty. The key area where impairment tests are conducted are with the P&NG assets, the energy projects under development, the E&E expenditures and the long term investments. In determining whether an impairment has occurred, or a previously recorded impairment loss can be reversed, a review of estimated future cash flows is required. The future cash flows contain many measures of uncertainty including future reserves, prices, operating costs, interest rates and production rates. These estimates are subject to change as new information becomes available or as changes in technology or regulations dictate.

d. Income taxes

Income taxes are based upon enacted laws. Deferred income taxes are based upon laws that have been enacted that affect future income tax rates. Changes in the law could result in changes to those rates and the amount of income tax ultimately payable by the Company.

Deferred income taxes, if in an asset position, require consideration of whether those assets will be recoverable. This requires an assessment of the probability of taxable income within a carryforward period and the income tax rates that will be in effect in those years. To the extent that this information changes, it can result in an increase or decrease to the amount of deferred income taxes recorded by the Company.

e. Decommissioning obligations

The Company estimates its obligation to decommission and remediate its sites based on known laws and technology. It also makes an estimate of when these costs are likely to be incurred as well as using estimates of interest rates, inflation and clean up costs. Any of these variables are subject to change and result in a revision to the recorded amount of the provision recorded on the Statement of Financial Position.

3. Recent Accounting Pronouncements

Certain new accounting standards, interpretations and amendments to existing standards were issued by the IASB or the International Financial Reporting Interpretation Committee ("IFRIC") and become effective January 1, 2013, although earlier implementation is permitted. The standards impacted that are applicable to the Company are as follows:

- IAS 1 – Presentation of Financial Statements. The amendments to this standard are designed to tie in the elements of comprehensive income more closely together. It is not expected that the implementation of this standard will have any impact on the Company.
-

3. Recent Accounting Pronouncements (continued)

- IAS 27 – Consolidated and Separate Financial Statements. This standard has been redrafted to reflect a much more limited scope as a result of the changes to IRFS 10. It is not expected that the implementation of this revised standard will have any impact on the Company.
- IFRS 9 – Financial Instruments. This is a new section which largely replaces IAS 39 Financial Instruments Recognition and Measurement, however it will be issued in three phases. The first phase which has now been issued contains additional guidance on the recognition and classification of financial instruments. In December 2011, the IASB issued amendments to IFRS 9 which extended its implementation date to January 1, 2015 with early adoption permitted. It is not expected that this section will have any impact on the Company unless it increases its use and exposure to new financial instruments.
- IFRS 10 – Consolidated Financial Statements. This standard replaces portions of IAS 27 on Consolidated and Separate Statements and SIC 12 Consolidation – Special Purpose Entities. This new standard provides a control-based requirement for consolidation of interest in any sort of entity. It is not anticipated that this standard will have any impact on the results reported by the Company.
- IFRS 11 – Joint Arrangements. This standard replaces IAS 31 on Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. This standard distinguishes between joint ventures and jointly controlled operations. Jointly controlled operations are required to be accounted for by the owning parties by recognizing their proportionate share in the assets, liabilities, revenues and expenses of the jointly controlled operation. Joint venture interests are to be accounted for by the equity method. The Company has a number of jointly controlled operations and already accounts for their interest in the manner prescribed by this new standard. Therefore, it is not expected to have any impact on the Company.
- IFRS 12 – Disclosure of Interests in Other Entities. This standard supplements existing disclosure requirements about interests in subsidiaries, joint arrangements and other entities that the company has an interest in. It is not expected that this standard will have a significant impact on the Company other than enhanced disclosure requirements surrounding the risks associated with interests it has in other entities.
- IFRS 13 - Fair Value Measurement. This standard provides guidance on determining fair value when other standards require the use of fair value for measurement for accounting or for disclosure purposes. As the use of fair value is used numerous times in various standards, the implementation of this standard could impact some disclosure or measurements used by the Company. This impact of the implementation of this standard is still being assessed but its impact will not likely be known until closer to the implementation date.

4. Energy projects under development

		Renewable Energy Projects Under Development		Natural Gas Storage Sites Under Development		Total
Cost						
Balance at January 1, 2012	$	1,342,096	$	6,312,161	$	7,654,257
Transfers		-		(76,776)		(76,776)
Additions		656,326		24,714		681,040
Impairment losses		(1,289,580)		(4,342,424)		(5,632,004)
Balance at December 31, 2012	$	708,842	$	1,917,675	$	2,626,517
Transfers		-		-		
Impairment losses		-		(29,574)		(29,574)
Additions		1,139,162		-		1,139,162
Balance as at September 30, 2013	$	1,848,004	$	1,888,101	$	3,736,105

During the year ended 2012, management conducted impairment tests as required by IAS 36 – Impairment of Assets, and determined that impairment losses were to be recognized as disclosed in the table above. All costs in the table above continue to be carried at the same value as at December 31, 2012 and as such, any additions to the projects are recognized in the financial statements as impairment losses. Should circumstances change in the future, such impairment losses can be reversed up to the original costs incurred.

The renewable energy projects were revalued to its fair value less costs to sell based on the year end market value of the units sold to third parties. Management feels that the reduction in the market value was appropriate at the current time given the long timeline for this project and the political risk associated with its future completion. During the period, Tribute acquired Western Tidal Holdings Inc. representing part of the additions in this class.

The natural gas storage projects under development were written down to their net recoverable amount based on an estimated value in use discounted at 8% in the 2012 year end financial statements. As there have been no major changes in market conditions during the period ended September 30, 2013, all additions to these assets were expensed as an impairment loss rather than capitalized to keep the carrying values near their 2012 values which represent the value in use.

5. Property and equipment

Property and equipment consists of the following:

	Petroleum and Natural Gas	Office	Leaseholds	Vehicle	Total
Cost					
Balance at January 1, 2012	$ 2,352,769	$ 54,954	$ 56,930	$ -	$ 2,363,282
Disposals	-	-	-	-	-
Additions	-	-	-	-	-
Transfers	76,776	-	-	-	76,776
Balance at December 31, 2012	$ 2,429,545	$ 54,954	$ 56,930	$ -	$ 2,440,058
Disposals	-	-	-	-	-
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at September 30, 2013	$ 2,429,545	$ 54,954	$ 56,930	$ -	$ 2,440,058
Amortization and depletion					
Balance at January 1, 2012	$(1,877,597)	$ (26,527)	$ (43,976)	$ -	$ (1,948,100)
Amortization and depletion	(40,653)	(5,273)	(11,385)	-	(57,312)
Impairment loss recorded	(77,323)	-	-	-	(77,323)
Disposals	-	-	-	-	-
Balance at December 31, 2012	$(1,995,573)	$ (31,800)	$ (55,361)	$ -	$ (2,082,735)
Amortization and depletion	(41,157)	(3,305)	(1,569)	-	(46,031)
Impairment loss recorded	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at September 30, 2013	(2,036,730)	(35,105)	(56,930)	-	(2,128,767)
Net book value					
At January 1, 2012	$ 475,172	$ 28,427	$ 12,954	$ -	$ 415,180
At December 31, 2012	$ 433,972	$ 23,154	$ 1,569	$ -	$ 458,692
At September 30, 2013	$ 392,813	$ 19,848	$ -	$ -	$ 412,663

6. Provisions

	September 30, 2013	December 31, 2012
	$	$
Balance, beginning of year/quarter	**137,075**	131,075
Accretion	**4,500**	6,000
Change in assumptions	**-**	-
Balance, end of year/quarter	**141,575**	137,075

The Company's provision consists of remediation obligations resulting from its ownership interests in oil and natural gas assets. The total obligation is estimated based on the Company's net ownership interest in each well site, estimated costs to return these sites to their original condition, costs to plug the wells and the estimated timing of the costs to be incurred in future years.

6. Provisions (continued)

The Company accrued for an estimated total undiscounted provision at September 30, 2013 in the amount of $171,317 (December 31, 2012- $169,076) discounted at 6% (December 31, 2012 - 6%) to a present value of $141,575 (December 31, 2012 - $137,075) based on a twenty year life in accordance with estimates prepared by independent consulting engineers. Estimated future retirement costs such as dismantlement, site restoration and abandonment costs are subject to uncertainty associated with the method, timing and extent of future dismantlement, site restoration and abandonment. For example, changes in legislation or technology may result in actual future costs that differ materially from those currently estimated.

7. Long-term investments

The long-term investments at September 30, 2013 are comprised of the Company's interest in the following:

	September 30, 2013	December 31, 2012
	$	$
Investment in Huron Tipperary Limited Partnership I (25% interest)		
Balance, beginning of the quarter/year	**2,383,745**	3,607,120
Contributions during the quarter/year	**-**	126,000
Share of loss from natural gas storage operations for the quarter/year	**(378,871)**	(300,856)
Impairment loss for the quarter/year	**-**	(1,048,519)
Balance, end of the quarter/year	**2,004,874**	2,383,745
Investment in Tipperary Gas Corp. (25% interest)	**25**	25
Investment in Western Tidal Holdings Ltd.		
Balance, beginning of the quarter/year	**-**	-
Contributions during the quarter/year	**-**	50,000.00
Balance, end of the quarter/year	**-**	50,000.00
Total long-term investments, end of the quarter/year	**2,004,899**	2,433,770

8. Short term note

	September 30, 2013	December 31, 2012
	$	$
Prime rate line of credit loan, interest only payable monthly, due on demand	**2,248,499**	120,000
Balance, end of year/quarter	**2,248,499**	120,000

8. Short term note (continued)

In December 2012, the Company secured a line of credit for working capital in the amount of $3,000,000 secured by the fourth milestone payment to be received from Capital Power. The note is due for repayment prior to December 31, 2013.

9. Term loan

In June 2012, funds were received from Market Hub Partners Canada ("MHP") to help finance the Bayfield and Stanley (the "Pools") Ontario Energy Board ("OEB") applications ($150,000) as well as for MHP's 50% share of the development costs of the Bayfield and Stanley pools that Tribute has incurred to date ($1,500,000). The $150,000 was refundable to MHP if Tribute did not complete the OEB hearings, however, on December 21, 2012 these applications were completed and the $150,000 was applied against prior year costs incurred. The $1,500,000 was refundable to MHP if Tribute did not have satisfactory title to all of the Pools, was unsuccessful in receiving OEB approvals or if definitive agreements to govern the development of the Proposed Project could not be reached by the Company and MHP. In January 2013, MHP took the position that these conditions had not been fulfilled in a manner that was satisfactory and as such, the $1,500,000 was to be repaid in full plus interest at CIBC's prime rate plus 3%. Tribute and MHP have since settled this dispute and Tribute repaid the $1,500,000 without interest or penalties in May 2013. As part of the settlement agreement, MHP no longer have a right of first refusal on the storage pools in Huron County and as such, Tribute is free to develop the pools alone or to find a new development partner.

10. Long term debt

During the 2011 fiscal year, the Company issued $500,000 of debt by way of a convertible debenture. The convertible debenture is due September 30, 2013, repayable at any time prior to the due date by the Company, is unsecured and bears interest at 10% payable quarterly. The conversion feature of the debenture permits the debenture holder to convert the debenture into shares of the Company at $.10 per share at any time during the term of the debenture. In June 2013, the debenture was repaid in full and is no longer outstanding.

11. Share capital

Authorized

- **a.** Unlimited number of preferred shares with attributes to be determined by the Board of Directors at the time of issuance
- **b.** Unlimited number of common shares

There are no preferred shares issued at this time.

Stock-based compensation plan

The Company has a floating stock-based compensation plan. Under the plan, the Company may grant options to eligible individuals for up to a total of 10% of the common shares issued and outstanding. The exercise price of each option is equal to or higher than the market price on the

11. Share capital (continued)

date of grant and an option's maximum term is five years. Options are granted and their terms determined at the discretion of the Board of Directors.

Stock options

The following is a summary of the transactions under the Company's stock option plan:

	Nine months ended September 30,2013		Year ended December 31, 2012	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**3,600,000**	**0.16**	3,700,000	0.32
Options granted	**3,200,000**	**0.12**	2,800,000	0
Options exercised	**-**	**-**	-	-
Options expired	**(800,000)**	**0.30**	(2,900,000)	(0.31)
Balance, end of year/quarter	**6,000,000**	**0.12**	3,600,000	0.16

Options were granted to all directors and management during the period ended September 30, 2013 in lieu of cash compensation for the 2013 fiscal year.

The Company uses the fair value method to account for all stock-based awards granted to employees, offers and directors. The estimated fair value of these stock options granted during the year was determined using the Black Scholes option pricing model estimated at the date of grant using the following assumptions:

	2012
Weighted average share price	$ 0.07
Exercise price	$ 0.12
Expected volatility	125.83%
Option life	5 years
Expected dividends	nil
Risk free interest rate	1.62%

At September 30, 2013, the following fully vested options were outstanding:

Grant Date	Number	Exercise Price	Expiry Date
		$	
March 5, 2012	1,600,000	0.12	March 5, 2017
April 24, 2012	1,200,000	0.12	April 24, 2017
August 21, 2013	3,200,000	0.12	August 21, 2018

11. Share capital (continued)

	September 30, 2013	September 30, 2012
Earnings (loss) per share	**$**	$
Net loss	**609,832**	(819,850)
Weighted average common shares outstanding during the period - basic	**75,429,173**	68,821,223
Loss per share - basic	**0.008**	(0.012)
Weighted average common shares outstanding during the period - diluted	**not applicable**	not applicable
Loss per share - diluted	**(i)**	(i)

(i) Diluted loss per share has not been presented as the inclusion of dilutive securities is anti-dilutive to loss per share.

(ii) As the average market price for the shares for the period ended September 30, 2013 was lower than all option prices, there is no dilutive effect for the outstanding options.

12. Related party transactions

During the period ended September 30, 2013, the Company purchased the following services from companies controlled by an officer and director of the Company.

	September 30, 2013	December 31, 2012
	$	$
Management services	**131,393**	70,638
Consulting services	**7,729**	-
Geological and administrative services	**38,239**	52,249
Oil and gas field services	**26,848**	31,909
Rent	**9,333**	14,000

Accounts receivable include amounts receivable from related parties of $20,600 (December 31, 2012 - $10,657) for expenditures incurred on behalf of related companies and accounts payable and accrued liabilities include $35,008 (December 31, 2012 - $13,006) for management and consulting fees and services related to oil and gas activities and management services.

During the period, the Company repaid and subsequently re-borrowed funds owing to a commercial lender whose President is a Board member of Tribute. The short term lines of credit, the convertible debenture and the term loan were all borrowed from this commercial lender. During the 2012 year, both the term loan and the short term lines of credit were repaid and in December 2012, the short term lines of credit were re-activated to a total amount of $600,000. In the first quarter of 2013, the $600,000 was extended to $3,000,000. The convertible debenture was repaid in June 2013. Interest on these various debt instruments amounted to $41,600 (September 30, 2012 - $158,914).

12. Related party transactions (continued)

All related party transactions were accounted for at the exchange amount which is the amount established and agreed to by the related parties.

Compensation of key management personnel

Key management personnel include the Chief Executive Officer, the Chief Financial Officer and the directors and officers of the Company and are including, all groups together, under Management Services as seen above.

No post-employment benefits, other long term benefits or termination benefits were paid to key management personnel.

13. Commitments and Contingencies

The Company has entered into a number of lease agreements with landowners requiring ongoing annual compensation payments in the amount of $30,918 (December 31, 2012 - $49,491) for exploration and development properties. Wind lease options that were held in prior years were not renewed this year and have been renegotiated. At the time of these financial statements, an additional $18,413 in wind lease agreements have been signed. The leases allow for the surrender of the agreement, and termination of payment, at the option of the lessee.

The Company's leases its office space from a related party and pursuant to a lease that was amended on September 1, 2010 (the original agreement was dated November 1, 2007) as the related party sold some office space and Tribute's offices were downsized. The Company is committed to minimum rental payments of $14,000 per year expiring October 31, 2012. Tribute has been paying rental payments on a month to month basis at the same rate since that time.

In August, 2011 Tribute, through the Mar Silver Birch Limited Partnership, entered into an Agency Agreement with Access Capital Corporation whereby they will act as financial advisor to Mar LP and arrange for the financing of the 240 MW Mar Wind Project.

In October 2012 a judgement was obtained against Tribute relating to certain Oil and Gas Leases and Gas Storage Leases over lands held near Stanley in Huron County. Tribute has launched an appeal of this decision which is due to be heard in June 2013. Should Tribute lose, it will be required to comply with the cost order in the original Judgement in the amount of $16,400 as well as possible other Court costs associated with the appeal. The results of this initial decision were taken into consideration by management, and contributed to the impairment provision recognized for the gas storage assets.

14. Financial instruments

The Company is exposed to credit, liquidity and market risks from the use of financial instruments. The following are further details about the Company's exposure to each of these risk elements and the Company's objectives, policies and processes for measuring and managing this risk. There have been no significant changes in the nature or concentration of the risk exposure from the prior year unless otherwise noted.

The Board of Directors has overall responsibility for the oversight and establishment of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Fair value

14. Financial instruments (continued)

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity. Cash and cash equivalents are measured at fair value using Level 1 inputs and accounts receivable is measured at fair value using Level 2 inputs.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Substantially all of the Company's accounts receivable balances are from two customers in the oil and gas industry and are dealt with on standard industry terms. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large credit worthy purchasers. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner.

The Company's maximum credit risk exposure is the balance of accounts receivable and the amount of the convertible debenture. The Company maintains its cash and cash equivalents in accounts held by major Canadian financial institutions.

The Company does not have an allowance for doubtful accounts nor was it required to write-off any receivables for the past several years. The Company does not consider any receivables to be past due.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities, short term note, term note and a debenture payable. Accounts payable consists of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable and financial instruments have contractual maturities of less than one year. The Company also maintains and monitors a certain level of cash flow that is used to finance all operating and capital expenditures.

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates, interest rates and other risks, will affect the Company's net income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing the Company's returns. The Company does not employ any form of financial derivative to manage market risk.

Commodity risk

Commodity risk is the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in commodity prices.

The Company faces commodity risk from fluctuations in commodity prices for natural gas, crude oil and natural gas liquids. Commodity prices are affected by many factors including supply, demand, the Canadian to U.S. dollar exchange rate and other global events that affect levels of supply and demand. Normally, the Company would reduce production in times of low commodity prices. However, due to the cash flow needs of the Company, it has continued to produce natural gas during these periods of low gas prices.

In addition, the Company is exposed to commodity risk through its equity interest in the Huron Tipperary Limited Partnership. The underlying revenue earned by this project is subject to the market price of natural gas. The market price for the revenue earned by this LP has been reset based on the price of natural gas in January and February 2013.

14. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. On the portion of the short and long term debt that have floating interest rates, the Company is immediately exposed to the impact of changes in interest rates. The Company has no interest rate swap or other financial contracts in place to mitigate this risk.

Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is not exposed to any significant currency risk other than that embedded in the price of commodities as the underlying price of petroleum products is denominated in US dollars.

Regulatory and political risk

The Company has a number of projects that are underway that are subject to various levels of regulatory or government approvals. Changes in government or in policy can significantly delay or even curtail the approval process resulting in projects experiencing significant delays or even cancelation. In order to mitigate this risk, the Company attempts to monitor the political landscape as it affects the energy industry in order to provide it with as much advance notice as possible about possible impacts on the Company. Substantially all of the Energy Projects Under Development are subject to this risk.

15. Capital management disclosures

The Company's objectives when managing capital are to protect the Company's ability to continue as a going concern so that it can continue to provide an appropriate return to shareholders relative to the risk of the Company's natural gas storage sites under development, renewable energy projects under development, petroleum and natural gas properties, and long-term investments.

The Company considers its capital structure to include shareholders' equity, debt and working capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets noted above. In order to maintain or adjust the capital structure, the Company may issue new shares, seek external financing or adjust its capital expenditures and other investment programs.

The Company does not have any externally imposed capital requirements. Its main objective is to ensure sufficiency of working capital to fund operations and investment activities. Working capital is defined as current assets less current liabilities. At September 30, 2013, the Company's working capital was $(2,273,493) (December 31, 2012 - $(1,641,980)).

16. Statement of cash flows

Interest received during the period was $nil (December 31, 2012 - $1,525)

Interest paid during the period was $115,098 (December 31, 2012 - $174,597)

Income taxes paid during the period were $nil (December 31, 2012 - $nil)

17. Development project revenue

Nanticoke

On November 25, 2009, Nanticoke Wind Limited Partnership, a wholly owned subsidiary of the Company, sold its development assets to a third party for cash consideration of $1,174,450 plus contingent payments that are dependent on approval of a Feed-in Tariff ("FIT") contract by the Ontario Power Authority ("OPA"), obtaining a Notice to Proceed from the OPA and the wind farm project reaching commercial operation stage. On April 8, 2010 the OPA announced the successful FIT applicants, of which the Dover/Nanticoke Project was included. As such, the second payment receivable by the Company that was dependent on approval of a FIT contract was met and the payment has been received in the amount of $1,600,000. The revenue from the second milestone payment was recognized in the first quarter of 2010.

On April 15, 2013 the project received the Notice to Proceed from the OPA. The payment of $1,600,000 was received by the Company by April 29, 2013 and has been recorded as revenue on the June 30, 2013 financial statements. One additional milestone payment is also due under the terms of the contract. The final payment of approximately $4,457,000 will have been earned by the Company when the project obtains its commercial operation date. This is expected to occur in November or December of 2013. The remaining contingent consideration noted above will be recorded as revenue once the contingency is received.

In addition, upon completion, the Company has the option to forego the final payment upon completion in exchange for either a 10% interest in the project or to acquire a 1.6% royalty entitlement.

Dover

On November 25, 2009, Dover East Wind Limited Partnership (Dover), a subsidiary of the Company, sold its development assets to a third party for cash consideration of $357,416 plus contingent payments that are dependent on approval of a FIT contract by the OPA, obtaining a Notice to Proceed from the OPA and the wind farm project reaching commercial operation stage. On April 8, 2010 the OPA announced the successful FIT applicants, of which the Dover/Nanticoke Project was included. As such, the second payment receivable by the Company that was dependent on approval of a FIT contract was met and the payment has been received in the amount of $500,000 including the non-controlling interest. The revenue from the second milestone payment was recognized in the first quarter of 2010.

On April 15, 2013 the project received the Notice to Proceed from the OPA. The payment of $1,600,000 was received by the Company by April 29, 2013 and has been recorded as revenue on the June 30, 2013 financial statements. One additional milestone payment is also due under the terms of the contract. The final payment of approximately $1,393,000 will have been earned by the Company when the project obtains its commercial operation date. This is expected to occur in November or December 2013. The remaining contingent consideration noted above will be recorded as revenue once the contingency is received.