

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)

Interim Financial Statements
October 31, 2008 and 2007

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NOTICE TO READER

These financial statements have been prepared by management of the Company. We have compiled the interim balance sheet of Canada Gas Corp. (formerly Wyn Developments Inc.) as at October 31, 2008 and the interim statements of loss and deficit and cash flows for the three and nine months then ended. Independent accountants have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Interim Balance Sheets

	October 31, 2008	January 31, 2008
Assets		
Current		
Cash	\$ 38,818	\$ 12,998
Accounts receivable	447,848	52,712
Prepaid expenses and deposits	31,055	36,940
	517,721	102,650
Investment in and Expenditures on Mineral Properties (note 7)	-	910,463
Oil and Natural Gas Interests and Capital Assets (note 6)	1,215,382	1,213,095
	\$ 1,733,103	\$ 2,226,208
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 296,261	\$ 261,863
Short-term loans (note 9)	177,000	432,000
Related party short-term loan (notes 8 and 9)	-	100,000
	473,261	793,863
Asset Retirement Obligation (note 12)	18,486	18,486
	491,747	812,349
Shareholders' Equity		
Capital Stock (note 10)	21,962,094	21,867,857
Contributed Surplus (note 10(c))	1,468,533	1,246,931
Share Subscriptions Received	-	237,500
Deficit	(22,189,271)	(21,938,429)
	1,241,356	1,413,859
	\$ 1,733,103	\$ 2,226,208

Going-Concern (note 2)
Contingency (note 11)
Subsequent Events (note 13)

Approved on behalf of the Board:

"David McMillan"
..... Director
David McMillan

"Robert Krause"
..... Director
Robert Krause

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Interim Statements of Operations and Deficit
For the Periods Ended October 31, 2008 and 2007

	9 Months Ended October 31, 2008	9 Months Ended October 31, 2007	3 Months Ended October 31, 2008	3 Months Ended October 31, 2007
Revenues				
Natural gas sales	\$ 254,927	\$ 320,038	\$ 65,575	\$ 76,017
Direct Expenses				
Operating	59,844	33,663	22,600	14,230
Royalties	34,268	89,238	(17,636)	8,092
Depletion and accretion	66,362	-	39,823	-
	160,474	122,901	44,787	22,322
General and Administrative Expenses				
Stock based compensation cost	221,602	-	-	-
Professional fees	209,315	65,603	85,342	36,975
Transfer agent, listing and filing fees	48,200	26,823	3,019	3,587
Management fees	48,000	45,000	15,000	15,000
Investor relations	38,250	59,696	12,750	11,050
Bank charges and interest	25,955	40,786	3,934	53
Office	19,881	30,919	5,498	9,714
Consulting fees	17,417	31,715	-	(11,425)
Communications	16,963	23,443	2,223	1,760
Rent	13,260	17,347	5,180	5,680
Travel and entertainment	2,242	28,553	-	7,158
Printing and reproduction	-	2,793	-	-
	661,085	372,678	132,947	79,552
Loss Before Other Items and Income Tax	(566,632)	(175,541)	(112,159)	(25,857)
Other Items				
Interest revenue	635	3,578	18	832
Write-off of resource properties	-	(699,147)	38,034	-
Cost recovery from Plan of Arrangement and 2007 Amalgamation cost	315,155	-	167,732	-
	315,790	(695,569)	205,784	832
Net Gain (Loss) and Comprehensive Loss for the Period	(250,842)	(871,110)	93,625	(25,025)
Deficit, Beginning of Year	(21,938,429)	(11,575,042)	(22,282,896)	(12,421,127)
Deficit, End of Period	\$ (22,189,271)	\$ (12,446,152)	\$ (22,189,271)	\$ (12,446,152)
Loss Per Share	\$ (0.013)	\$ (0.056)	\$ 0.005	\$ (0.002)
Weighted Average Number of Common Shares Outstanding	19,791,443	15,425,591	20,231,522	15,912,023

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Interim Statements of Cash Flows
For Periods Ended October 31, 2008 and 2007

	9 Months Ended October 31, 2008	9 Months Ended October 31, 2007	3 Months Ended October 31, 2008	3 Months Ended October 31, 2007
Operating Activities				
Net loss	\$ (250,842)	\$ (871,110)	\$ 93,625	\$ (25,025)
Items not involving cash				
Stock based compensation cost	221,602	-	-	-
Write-off of mineral properties	-	699,147	(38,034)	-
Amortization, depletion and accretion	66,362	-	39,823	-
Interest expense	9,200	30,000	-	-
	46,322	(141,963)	95,414	(25,025)
Changes in non-cash working capital				
Accounts receivable	(397,759)	(123,480)	(219,195)	(35,071)
Prepaid expenses and deposits	8,509	(12,495)	9,917	(9,172)
Accounts payable and accrued liabilities	34,397	104,503	192,673	104,703
Cash Used in Operating Activities	(308,531)	(173,435)	78,809	35,435
Investing Activities				
Capital asset	(10,931)	-	(10,931)	-
Deferred cost	-	(166,444)	-	(166,444)
Exploration costs deferred – oil and gas interests	(57,719)	(1,276,717)	(42,907)	-
Exploration costs deferred – mineral properties	-	35,205	-	(65,602)
Cash Used in Investing Activities	(68,650)	(1,407,956)	(53,838)	(232,046)
Financing Activities				
Short-term loan due to related parties	(100,000)	100,000	-	-
Short-term loan	(255,000)	170,000	-	-
Issue of shares for cash, net of issuance costs	995,500	825,910	-	-
Share subscriptions received	(237,500)	-	-	-
Cash Provided by Financing Activities	403,000	1,095,910	-	-
Increase (Decrease) in Cash	25,819	(485,481)	24,971	(196,611)
Cash, Beginning of Year	12,999	506,581	13,847	217,711
Cash, End of Period	\$ 38,818	\$ 21,100	\$ 38,818	\$ 21,100
Supplementary information				
Issue of common shares for oil and gas interests	\$ -	\$ 36,000	\$ -	\$ -
Issue of common shares for resource properties	\$ -	\$ 351,000	\$ -	\$ 351,000
Issue of common shares for interest on short-term	\$ 9,200	\$ -	\$ -	\$ -

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Notes to Interim Financial Statements
For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

1. NATURE OF OPERATIONS

Canada Gas Corp. (formerly Wyn Developments Inc.) (the "Company") was incorporated under the *Company Act* of British Columbia on February 1, 1984. The Company is involved with the exploration for and operation of mineral and oil and gas properties in Canada. The Company presently operates in one geographical area, namely Canada. The Company is publicly traded and is listed on the TSX Venture Exchange (the "Exchange") in Canada.

2. GOING-CONCERN

These interim financial statements have been prepared on a going-concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company reported net losses of \$250,842 and \$871,110 for the nine-month periods ended October 31, 2008 and 2007, respectively, and has an accumulated deficit of \$2,189,271 at October 31, 2008 (2007 - \$12,446,152). The Company has working capital of \$44,460 at October 31, 2008 (2007 – deficit \$12,810).

The Company's ability to continue operations is uncertain and is dependent upon its ability to obtain necessary financing to meet the Company's liabilities and commitments as they become payable and to complete the exploration for and development of mineral resource properties and oil and gas interests, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral resource claims and oil and gas reserves, and the attainment of future profitable production or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Notes to Interim Financial Statements
For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial Instruments

Effective February 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard requires the Company to account for certain financial assets and liabilities at fair value at each balance sheet date. Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

The adoption of this section did not impact the Company's consolidated financial statements.

(b) Comprehensive Income

Effective February 1, 2007, the Company also adopted the CICA Handbook Section 1530, "Comprehensive Income", which establishes standards for presentation and disclosure of comprehensive income. Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period but excluded from net income for that period. The Company has no items of other comprehensive income in any period presented. Therefore, net loss as presented in the Company's consolidated statements of operations and deficit equals comprehensive loss.

(c) Mineral properties

The Company defers exploration and development expenditures directly related to specific mineral projects or an area of interest until such time as the extent of mineralization has been determined and mineral properties are either developed or the Company's mineral rights are allowed to lapse. At that time, the costs will either be written off or amortized over the expected life of the ore body.

All deferred mineral property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

CANADA GAS CORP.
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Notes to Interim Financial Statements
For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Mineral properties (Continued)

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse. From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

(d) Oil and gas interests

The Company follows the full cost method of accounting for petroleum and natural gas interests whereby all costs of exploration for and development of petroleum and natural gas reserves are capitalized. These costs include lease acquisition costs, geological and geophysical expenses, drilling costs of successful as well as unsuccessful wells and overhead charges related directly to exploration.

If the interests are sold or abandoned, the proceeds or the carrying value of the interests will be applied against capitalized costs unless such sale significantly impacts the rate of depletion.

Costs associated with unproven reserves are reviewed by management to determine whether they have become impaired. If impairment occurs, the carrying value of the related interest will be reduced to reflect the estimated net realizable value. The estimate will be based on the then current conditions and it is possible that changes could occur that would adversely affect management's estimates resulting in further write-downs of the carrying value of the interest.

The amounts shown for petroleum and natural gas interests represent costs incurred to date less depletion and impairment if any, and do not necessarily reflect present or future values.

(e) Depletion

Depletion of petroleum and natural gas interests is computed using the unit-of-production method whereby the ratio of current year production to estimated future production determines the proportion of depletable costs to be expensed. Undeveloped properties are excluded from the depletion calculation until quantities of proved reserves are found or if impairment occurs.

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Notes to Interim Financial Statements
For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include determination of environment obligations, asset retirement obligation, rates for amortization, the impairment of mineral property interests, impairment of oil and gas interests, valuation allowance for future tax assets and the assumptions used in estimating the fair value of stock-based compensation.

Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(g) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange for the year.

The effects of translation are credited or charged to the statement of operations as foreign exchange gain or loss.

(h) Amortization

Amortization of capital assets is calculated on the straight-line basis at the following annual rates:

Furniture and equipment	– 20%
Leasehold improvements	– 20%

Additions during the year are amortized at one-half of the annual rates.

(i) Asset retirement obligation

The Company recognizes an estimate of the liability associated with an asset retirement obligation (“ARO”) in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

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For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Stock-based compensation

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(k) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Shares held in escrow, other than where their release is subject to the passage of time, are excluded from the computation of loss per share until the conditions for their release are satisfied.

(l) Income taxes

The Company uses the asset and liability method for accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis, and losses carried forward. Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(m) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

(n) Joint interest operations

The Company's petroleum and natural gas exploration and production activities are conducted jointly with others and, accordingly, the consolidated financial statements reflect only the Company's proportionate interest in such activities.

(o) Revenue recognition

Revenue from the sale of oil and natural gas is recorded when the oil is sold or the natural gas is delivered and collectability is reasonably assured.

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Notes to Interim Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Future accounting changes

(i) Capital Disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for the Company for the year beginning on February 1, 2008. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

(ii) Financial Instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interests, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for the Company for the year beginning on February 1, 2008. The Company is in the process of assessing the impact of these new sections on its consolidated financial statements.

(iii) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for the Company for the year beginning on February 1, 2008. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

(iv) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

CANADA GAS CORP.
(Formerly Wyn Developments Inc.)
Notes to Interim Financial Statements
For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Future accounting changes (Continued)

(v) Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. The new section is effective for the Company for the year beginning on February 1, 2008. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

5. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term to maturity of its monetary assets and liabilities.

(c) Credit risk

The Company is exposed to credit risk with respect to its cash; however, the risk is minimized as cash is held at a major financial institution.

CANADA GAS CORP.

(Formerly Wyn Developments Inc.)

Notes to Interim Financial Statements**For the Three- and Nine-Month Periods Ended October 31, 2008 and 2007****6. OIL AND NATURAL GAS INTERESTS AND CAPITAL ASSETS**

	October 31, 2008		
	Cost	Accumulated Amortization and Depletion	Net
Oil and gas interests, and well equipment	\$ 1,257,736	\$ 66,364	\$ 1,191,372
Furniture and equipment	2,304	-	2,304
Leasehold improvements	10,776	-	10,776
Software license	10,930	-	10,930
	\$ 1,281,746	\$ 66,364	\$ 1,215,382

	January 31, 2008		
	Cost	Accumulated Amortization and Depletion	Net
Oil and gas interests, and well equipment	\$ 1,599,723	\$ 399,708	\$ 1,200,015
Furniture and equipment	3,200	896	2,304
Leasehold improvements	14,967	4,191	10,776
	\$ 1,617,890	\$ 404,795	\$ 1,213,095

CANADA GAS CORP.
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Notes to Interim Financial Statements
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7. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

Expenditures incurred on the Company's resource properties are as follows:

	Blustry/ Rand Project	Hearne Channel	Thrust Project	Total
Balance, January 31, 2007	\$ 38,034	\$ 696,984	\$ 574,367	\$ 1,309,385
Acquisition costs	-	-	351,000	351,000
Exploration costs				
Equipment	-	-	900	900
Geology and engineering	-	2,163	25,203	27,366
Staking	-	-	38,139	38,139
Other	-	-	10,322	10,322
Mining tax credit	-	-	(127,502)	(127,502)
Total additions during year	-	2,163	298,062	300,225
Write-off of resource properties	-	(699,147)	-	(699,147)
	-	(696,984)	298,062	(398,922)
Balance, January 31, 2008	\$ 38,034	\$ -	\$ 872,429	\$ 910,463
Write-off of resource properties	(38,034)	-	-	(38,034)
Plan of Arrangement- Wyn Metals Inc.	-	-	(872,429)	(872,429)
	(38,034)	-	(872,429)	(910,463)
Balance, October 31, 2008	\$ -	\$ -	\$ -	\$ -

Per the April 30, 2008 Annual General and Special Meeting, all resolutions to the Plan of Arrangement (the "Arrangement") were passed by the Company's shareholders to transfer the Thrust mineral property to Wyn Metals Inc. ("Wyn Metals"), an incorporated wholly owned subsidiary of the Company. The Company adopted all resolutions and the Effective Date of the Arrangement was June 10, 2008 ("Effective Date"). The value of the Mineral Properties as at the Effective Date was \$910,463. Each registered shareholder of Wyn Developments Inc. as at the Effective Date will ultimately be entitled to exchange eleven (11) common shares of Wyn Developments Inc. for one (1) common shares of Wyn Metals totaling 9,196,146 common shares of Wyn Metals issued.

CANADA GAS CORP.

(Formerly Wyn Developments Inc.)

Notes to Interim Financial Statements

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8. RELATED PARTY TRANSACTIONS

- (a) Included in management fees is \$48,000 (2007 - \$45,000) accrued to a company controlled by a director/officer for management services. A balance of \$26,250 (2007- \$nil) is outstanding and payable as at October 31, 2008 ;
- (b) The Company accrued \$182,025 (2007 - \$nil) for rent, office expense and investor relations expenses to a company controlled by a director/officer of the Company for use of shared office space. A balance of \$162,735 (2007- \$nil) is outstanding and payable as at October 31, 2008;
- (c) The Company paid a company controlled by a director/officer of the Company \$38,250 (2007-\$19,610) in corporate communication, advertising and IT support and \$2,562 (2007-\$607) in travel and promotion expenses;
- (d) During the period, the Company paid a company controlled by an officer of the Company \$29,250 (2007- \$nil) for accounting fees;
- (e) On February 28, 2008, the Company repaid principal amount of \$100,000 and interest fees of \$2,349 to a company controlled by a director/officer of the Company for a short-term loan agreement that the Company entered into on March 9, 2007 (note 9(a)).
- (f) During the period, a company controlled by a director/officer subscribed to 4,125,000 units at \$0.05 per unit for gross proceeds of \$206,250 (2007- \$125,000) for tranche 1 and tranche 2 of the Company's private placement that were completed on February 20, 2008 and March 17, 2008 respectively (Note 10 (b)(vi)(vii)).

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

9. SHORT-TERM LOANS

- (a) For additional funding on working capital and capital cost commitment, the Company entered into a short-term loan agreement with a company controlled by a director/officer of the Company for a principal amount of \$100,000 on March 9, 2007. The principal and interest payment of the loan was repaid on February 28, 2008.

Concurrently, the Company also entered into another short term loan agreement with an arm's length third party (the "Lender") for a principal amount of \$340,000. The principal amount of \$255,000 and interest payment of \$7,813 was repaid to the Lender on February 28, 2008, resulting in an outstanding principal balance of \$85,000 on October 31, 2008.

The terms of both March 9, 2007 unsecured loan agreements are as follows:

- (i) Principal is payable by the Company to the Lenders within six months (the "maturity date"). The Maturity Date was recently revised to November 30, 2008;
- (ii) Pay interest at a rate of 5% per annum on the portion of the loan amount that remains outstanding after the maturity date, such interest to be calculated from the maturity date; and
- (iii) Pay administration fees of \$5,000 (paid) and issue 60,000 common shares at a fair value of \$0.25 per share (issued) to each of the Lender's upon execution of the loan agreements.

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9. SHORT-TERM LOANS (Continued)

- (b) On December 20, 2007, the Company entered into a short-term loan agreement with Score Resources Ltd. ("Score") for a principal amount of \$92,000. The proceeds from the loan were used to fund the Company's working capital and drilling cost on the Prophet River A-38 well. As at October 31, 2008, the principal balance of \$92,000 was outstanding. The terms of the unsecured loan agreement are as follows:
- (i) Principal and interest payments are repayable by the earlier of April 30, 2008 (the "maturity date"), event of default or completion of equity financing. The maturity date was later extended to November 30, 2008;
 - (ii) Pay interest at a rate of 12% per annum on the principal of the loan from the date the principal was advanced to the Company until all principal has been repaid; and
 - (iii) Issue 92,000 common shares at a fair value of \$0.10 per share as a bonus to Score (issued).

10. CAPITAL STOCK

- (a) Authorized
Unlimited common shares without par value
- (b) Issued and outstanding

On June 10, 2008, the Company adopted all resolutions from its April 30, 2008 Annual and Special Meeting including a name change and a 5 (five) for 1 (one) common share consolidation. As at June 10, 2008, the Company had 101,157,609 common shares issued and outstanding resulting in 20,231,522 common shares outstanding after consolidation. All outstanding stock based compensation options and common share purchase warrants were re-priced to \$0.26 per share to reflect the Company's share market price post-consolidation. The details on below are based on post consolidation.

	Number of Shares	Amount
Balance - January 31, 2007	14,934,260	20,864,009
Issued for cash - private placements	836,400	825,910
Issued for property - Trutch East	18,462	36,000
Issued for property - Thrust Project (note 7(c)(ii))	180,000	351,000
Debt - short-term loan agreements (note 9(a)(iii))	24,000	30,000
Income tax effect on flow-through share renouncement	-	(239,062)
Balance - January 31, 2008	15,993,122	\$ 21,867,857
Issued for cash - private placements (note 10(b)(vi)(vii))	4,220,000	995,500
Debt - short-term loan agreements (note 9(b)(iii))	18,400	9,200
Plan of Arrangement- Wyn Metals Inc. (note 7)	-	(910,463)
Balance - October 31, 2008	20,231,522	\$ 21,962,094

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10. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

- (i) On June 25, 2007, the Company closed a private placement, with two tranches, for gross proceeds of \$871,400 by issuing 140,000 units at \$1.25 per unit and 696,400 units at \$1.00 per unit. Each unit consists of one common share and one common share purchase warrant with an expiry date of two years from closing date with an exercise price of \$0.26 per share. The Company paid \$45,490 in finder's fees related to this private placement.
- (ii) The Company issued 18,462 common shares with an fair value of \$36,000 to Tenaka Drilling Consortium Inc. pursuant to the November 20, 2006 Trutch East Participation Agreement.
- (iii) The Company issued 24,000 common shares with an fair value of \$30,000 to a company controlled by a director/officer of the Company and an arms length third party pursuant to the March 9, 2007 loan agreements (note 9(a)(iii)).
- (iv) The Company issued 180,000 common shares with an fair value of \$351,000 pursuant to the April 25, 2005 Thrust Project option agreement (note 7(c)(ii)).
- (v) During the year ended January 31, 2008, the Company renounced \$700,650 (2007 - \$nil) of exploration expenditures under its flow-through share program.
- (vi) On February 20, 2008 the Company completed tranche 1 of a non-brokered private placement by issuing 2,700,000 units at \$0.25 per unit for gross proceeds of \$675,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the warrant holder to purchase an additional common share for two years at \$0.26 per share. The Company paid \$38,000 and issued 152,000 warrants with similar terms as finders' fees in connection with this private placement.
- (vii) On March 17, 2008 the Company completed tranche 2 of a non-brokered private placement by issuing 1,520,000 units at \$0.25 per unit for gross proceeds of \$380,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the warrant holder to purchase an additional common share for two years at \$0.26 per share. The Company paid \$21,500 and issued 86,000 warrants with similar terms as finders' fees in connection with this private placement.
- (viii) On February 22, 2008, the Company issued 18,400 common shares pursuant to the obligation to issue shares (note 10(b)(iii)).

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10. CAPITAL STOCK (Continued)

(c) Contributed surplus

	October 31, 2008	January 31, 2008
Contributed surplus, beginning of year	\$ 1,246,931	\$ 1,246,931
Stock-based compensation for year	221,602	-
Transferred to capital stock on exercise of stock options	-	-
Transferred from capital stock upon return of escrow	-	-
Contributed surplus, end of period	\$ 1,1,468,533	\$ 1,246,931

(d) Stock options

	October 31, 2008		January 31, 2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding and exercisable, beginning of year	300,000	\$ 1.95	1,020,000	\$ 2.10
Granted	2,300,000	\$0.26	-	-
Forfeited	(300,000)	\$ 1.95	(720,000)	\$ 1.95
Exercised	-	-	-	-
Options outstanding and exercisable, end of the period	2,300,000	\$ 0.26	300,000	\$ 1.95

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for stock options. During the period ended October 31, 2008, the Company granted 2,300,000 stock based compensation options expiring June 30, 2010 at an exercise price of \$0.26 (2007 - nil). Stock based compensation cost for the options granted was \$221,602.

As at October 31, 2008, the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of Options	
		October 31, 2008	January 31, 2008
March 30, 2008	\$ 1.95	-	350,000
June 21, 2008	\$ 1.95	-	1,150,000
June 30, 2010	\$0.26	2,300,000	-
		2,300,000	1,500,000

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10. CAPITAL STOCK (Continued)

(e) Share purchase warrants

A summary of the status of share purchase warrants as of October 31, 2008 and changes during the years ended on those dates is presented below:

	October 31, 2008		January 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding and exercisable, beginning of year	3,522,346	\$0.26	2,685,946	\$ 0.26
Granted	4,458,000	\$0.26	836,400	\$ 0.26
Expired	(1,046,746)	\$1.32	-	-
Warrants outstanding and exercisable, end of year	6,933,600	\$0.26	3,522,346	\$ 0.26

As at October 31, 2008 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price Per Warrant	Number of Warrants July 31, 2008	Number of Warrants January 31, 2008
May 25, 2008	\$ 2.50	-	105,600
May 25, 2008	\$2.50	-	391,432
September 28, 2008	\$ 0.26	-	549,714
November 29, 2008	\$ 0.26	1,539,000	1,539,000
November 29, 2008	\$ 0.26	100,200	100,200
April 26, 2009	\$ 0.26	140,000	140,000
June 25, 2009	\$ 0.26	696,400	696,400
February 20, 2010	\$ 0.26	2,852,000	-
March 17, 2010	\$ 0.26	1,606,000	-
		6,933,600	3,522,346

11. CONTINGENCY

Commencing in March 2005, the Company received letters from the operators of the Bougie Trutch Oil and Gas property requesting additional funding in the amount of \$137,326 for payment of expenditures. In 2007, the Company requested an external audit of the Bougie Trutch Oil and Gas property from the operators. One week prior to the commencement of the audit the operators requested payment of these expenditures. It is the Company's position that the operators' request is without merit. The Company believes it has not received sufficient documentation from the operators to justify payment of the expenditures. The Company believes the operators should not be incurring these expenditures on the premise that the well has been abandoned by the operators for a significant period of time.

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12. ASSET RETIREMENT OBLIGATIONS

The Company's AROs result from net ownership interest in oil and gas interests including well sites, gathering systems and processing facilities. The Company estimates the total undiscounted amount of cash flows required to settle its AROs is approximately \$31,042 (2007 - \$nil). These costs will be incurred between 2010 and 2017. A credit-adjusted, risk-free rate of 10% was used to calculate the fair value of the AROs. The discounted amount of \$16,805 is included in the Company's oil and gas interests. Accretion expense of \$1,681 has been recognized for the year.

13. SUBSEQUENT EVENTS

The Company does not have any subsequent events to report for the period three and nine months periods ended October 31, 2008.