

Interim Consolidated Financial Statements of

C.A. BANCORP INC.

June 30, 2006 (Unaudited)

C.A. BANCORP INC.

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C.A. BANCORP INC.**Consolidated Balance Sheets**

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

	As at June 30, 2006	As at December 31, 2005
ASSETS		
CURRENT		
Cash and cash equivalents (Note 4)	\$ 986,337	\$ 76,693
Accounts and other receivables	66,195	12,508
Accrued interest receivable	3,499	-
Marketable securities (Note 6)	1,308,331	1,082,939
Due from related party (Note 3)	9,874	-
	2,374,236	1,172,140
NON-CURRENT		
Contingency fund deposit (Note 7)	10,000	10,000
Deferred costs (Note 5)	88,509	130,483
	\$ 2,472,745	\$ 1,312,623
LIABILITIES		
CURRENT		
Due to broker	\$ 41,357	\$ 81,641
Accounts payable and accrued liabilities	98,565	11,685
Due to related party (Note 14(a) and (b))	7,780	184,204
Due to Petro Assets Inc. (Note 14 (c))	3,425	1,124,178
	151,127	1,401,708
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	2,851,497	1
Warrants (Note 9)	274,695	-
Contributed Surplus	35,927	-
Deficit	(840,501)	(89,086)
	2,321,618	(89,085)
	\$ 2,472,745	\$ 1,312,623

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"John F. Driscoll"

..... Director

"John Nestor"

..... Director

The accompanying notes are an integral part of these consolidated financial statements.

C.A. BANCORP INC.
Consolidated Statements of Operations and Deficit

For the periods ended June 30, (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
REVENUE				
Interest and investment income	\$ 24,536	\$ 293	\$ 49,330	\$ 613
Realized gain on sale of marketable securities	936	-	936	-
	25,472	293	50,266	613
EXPENSES				
General and administrative (Note 14(a))	189,403	-	295,773	-
Audit, legal and filing fees	54,883	260	65,796	1,381
Stock based compensation	35,927	-	35,927	-
Interest and bank charges	1,458	99	7,052	198
	281,671	359	404,548	1,579
Unrealized loss on marketable securities (Note 2(d) & Note 6)	(34,924)	-	(34,924)	-
LOSS BEFORE INCOME TAXES	(291,123)	(66)	(389,206)	(966)
Provision for income taxes	-	-	-	-
NET LOSS	(291,123)	(66)	(389,206)	(966)
ISSUE COSTS OF QUALIFYING TRANSACTION (Note 3)	-	-	(362,209)	-
DEFICIT, BEGINNING OF PERIOD	(549,378)	(4,541)	(89,086)	(3,641)
DEFICIT, END OF PERIOD	\$ (840,501)	\$ (4,607)	\$ (840,501)	\$ (4,607)
LOSS PER SHARE (Note 11)				
Basic	\$ (0.03)	\$ -	\$ (0.04)	\$ -
Diluted	\$ (0.03)	\$ -	\$ (0.04)	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

C.A. BANCORP INC.
Consolidated Statements of Cash Flows

For the periods ended June 30, (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
OPERATING ACTIVITIES				
Net loss	\$ (291,123)	\$ (66)	\$ (389,206)	\$ (966)
Stock based compensation	35,927	-	35,927	-
Unrealized loss on marketable securities	34,924	-	34,924	-
Realized gain on sale of marketable securities	(936)	-	(936)	-
Net change in non-cash working capital:				
Increase in receivables and other current assets	(19,465)	(260)	(44,045)	(238)
Decrease in current liabilities	(300,172)	(18)	(572,841)	(18)
(Increase) decrease in deferred costs	(8,642)	-	95,091	-
Net cash provided by (used in) operating activities	(549,487)	(344)	(841,086)	(1,222)
INVESTING ACTIVITIES				
Recovery of Tiverton action costs, net of payments in the period	-	-	26,750	-
Proceeds on sale of marketable securities	41,496	-	41,496	-
Purchase of marketable securities	-	-	(300,876)	-
Net cash provided by (used in) investing activities	41,496	-	(232,630)	-
FINANCING ACTIVITIES				
Cash and cash equivalents acquired from C.A. Bancorp Inc.	-	-	379,365	-
Cash acquired from Sentry Select Focused Wealth Management	-	-	1,590,831	-
Cash advance received from Petro Assets Inc.	-	-	72,000	-
Issue costs paid	-	-	(58,836)	-
Net cash provided by (used in) financing activities	-	-	1,983,360	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(507,991)	(344)	909,644	(1,222)
CASH AND CASH EQUIVALENTS, BEG. OF PERIOD	1,494,328	60,765	76,693	61,643
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 986,337	\$ 60,421	\$ 986,337	\$ 60,421
REPRESENTED BY:				
Cash	\$ 926,567	\$ 739	\$ 926,567	\$ 739
Government of Canada Treasury Bills (Note 4)	59,770	59,682	59,770	59,682
	\$ 986,337	\$ 60,421	\$ 986,337	\$ 60,421
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Income taxes paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ 1,373	\$ 99	\$ 3,296	\$ 198

The accompanying notes are an integral part of these consolidated financial statements.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

1. ORGANIZATION

C.A. Bancorp Inc. (the "Company") was incorporated as Master Mines and Metals Inc., pursuant to the provisions of the *Business Corporations Act* (Alberta) on March 29, 2005 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV"). On April 19, 2005 the Company changed its name to Master West Resources Ltd. and on April 27, 2005 changed its name to Masthead Resources Ltd. The Company completed its initial public offering on August 22, 2005 issuing 1,500,000 common shares at \$0.20 per share. On September 2, 2005 the Company began trading on the TSXV under the symbol "MTH.P". On January 26, 2006, the Company completed a Qualifying Transaction (described in Note 3) and changed its name to C.A. Bancorp Inc. and its trading symbol to "BKP".

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) *Principles of consolidation*

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: C.A. Bancorp Ltd. ("CABL") and C.A. Bancorp Financial Ltd. ("CABFL"). CABFL, which was incorporated on March 15, 2006, has been inactive since incorporation and has no assets, liabilities, revenues or expenses. CABL was acquired on January 26, 2006 as part of the Qualifying Transaction (see Note 3). The Qualifying Transaction has been recorded as a reverse takeover transaction, which does not constitute a business combination, in accordance with Abstract No. 10 of the Emerging Issues Committee ("EIC-10") of the Canadian Institute of Chartered Accountants. Therefore, the consolidated financial statements are issued under the name of C.A. Bancorp Inc., the legal parent company, but are considered to be a continuation of the financial statements of CABL, the legal subsidiary. The comparative balance sheet as at December 31, 2005 and the comparative statements of operations and cash flows for the three-month and six-month periods ended June 30, 2005 are those of CABL. The consolidated statements of operations and cash flows for the six month period ended June 30, 2006 include the results of operations and cash flows of CABL from January 1, 2006 and of the Company since January 26, 2006. All intercompany transactions and balances have been eliminated in these consolidated financial statements.

(b) *Revenue recognition*

Interest income is recognized on an accrual basis as it is earned. Dividend and distribution income are recorded on the ex-dividend or ex-distribution date, respectively.

(c) *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash and short-term investments with maturities of three months or less from the date of their acquisition. Short-term investments are carried at cost plus accrued interest, which approximates market value.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

(d) *Marketable securities*

Investments in marketable securities are carried at lower of cost or market value determined on an aggregate portfolio basis.

(e) *Incentive stock options*

The Company has an incentive stock option plan as described in Note 10. The Company follows the fair value method of accounting for the expense associated with the plan, whereby an estimate of the fair value of the stock options granted is measured and recorded as an expense over the vesting period or at the date of grant if options vest immediately, with the related offset recorded as shareholders' equity. The effect of actual forfeitures of previously granted options is recognized as they occur. Any consideration paid to the Company with respect to the exercise of stock options is credited to share capital. For the purpose of accounting for incentive stock options, directors, officers and direct employees of the Company are considered employees and other parties are considered non-employees.

(f) *Income taxes*

The Company uses the asset and liability method to provide for income taxes on all transactions recorded in the financial statements. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference and unused losses, as applicable, at substantively enacted tax rates expected to be in effect when the assets are realized or the liabilities are settled. A valuation allowance is established to reduce future income tax assets to the amount that is more likely than not to be realized.

(g) *Earnings per share*

Basic earnings per share is calculated using the weighted average number of shares for the period. The treasury stock method is used to determine diluted earnings per share.

(h) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

3. QUALIFYING TRANSACTION

On January 26, 2006, the Company completed the acquisition of (a) the net assets of Sentry Select Focused Wealth Management Fund (the "Fund") in exchange for 4,516,379 common shares and 4,516,379 common share purchase warrants of the Company and (b) 100 per cent of the outstanding common shares of CABL and \$9,874 due from Petro Assets Inc., the sole shareholder of CABL, in exchange for 3,399,906 common shares and 3,399,906 common share purchase warrants of the Company. The acquisitions constituted the Company's "Qualifying Transaction" pursuant to Policy 2.4 of the TSXV.

The Fund was managed by Sentry Select Capital Corp. ("Sentry Select"), which is beneficially owned and controlled by the Chairman of the Board of Directors and CEO of the Company. The net assets of the Fund were comprised of cash of \$1,590,831 and accrued liabilities of \$10,098. The aggregate purchase price was \$1,580,732 allocated to common shares valued at \$1,424,014 and common share purchase warrants valued at \$156,718.

CABL (previously, Capital Access Corporation) was a private company which was indirectly controlled by the Chairman of the Board of Directors and CEO of the Company through Petro Assets Inc. The fair value of the assets and liabilities of CABL on the date of acquisition was \$1,180,093. The aggregate purchase price was \$1,189,967, including \$9,874 due from Petro Assets Inc., allocated to common shares valued at \$1,071,990 and common share purchase warrants valued at \$117,977.

The common share purchase warrants issued in connection with the above transactions entitle the holders thereof to purchase one common share of C.A. Bancorp Inc. for \$0.35 for one year following the closing of the transactions. The warrants had an aggregate estimated fair value of \$274,695, or \$0.0347 per warrant, on the date of issuance as determined by the Company using a Black-Scholes option pricing model.

In determining the fair value of the warrants, management was required to make assumptions that have a material impact on the valuation. The following were the significant assumptions: market price per common share of \$0.35; dividend yield of 0%; expected volatility of 20%; risk-free interest rate of 4.01%; and expected life of one year.

The Qualifying Transaction has been accounted for as a reverse takeover transaction (an "RTO"), which does not constitute a business combination. The Qualifying Transaction is measured at the exchange amount. Pursuant to the RTO accounting CABL, the legal subsidiary of the Company, was considered to have acquired the net assets of the Fund and all of the common shares of the Company. Issue costs of \$362,209 incurred in connection with the Qualifying Transaction have been charged to deficit.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

3. QUALIFYING TRANSACTION (continued)

The following table summarizes the estimated fair value of the assets and liabilities and the costs of the Qualifying Transaction of the Company immediately prior to the RTO:

	<u>As at January 26, 2006</u>
ASSETS	
Cash and cash equivalents	\$ 379,365
Accounts and other receivables	7,920
Total current assets	<u>387,285</u>
Deferred costs of the Qualifying Transaction	<u>362,209</u>
	<u>749,494</u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>410,086</u>
NET ASSETS	<u>\$ 339,408</u>

4. CASH EQUIVALENTS

As at June 30, 2006 the Company held a Government of Canada Treasury Bill, yielding 3.43% and maturing on August 10, 2006 in the amount of \$60,000. As at December 31, 2005 the Company held a Government of Canada Treasury Bill, yielding 2.63% and maturing on January 26, 2006 in the amount of \$60,000.

5. DEFERRED COSTS

As at June 30, 2006 the Company had deferred costs of \$88,509, (December 31, 2005 - \$80,667) related primarily to professional fees incurred for the development of an investment fund which is expected to be completed during 2006. These costs will be deferred until the closing of an offering of the investment fund, at which time the Company anticipates recovering these costs from the investment fund. Any deferred costs that are not expected to be recoverable will be expensed.

As at December 31, 2005 the Company also had deferred costs of \$49,816 related to a corporate action suit against Tiverton Petroleums Ltd, in an effort to replace its Board of Directors. In 2006 the Company recovered these costs from Arsenal Energy Inc.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

6. MARKETABLE SECURITIES

In accordance with the Company's accounting policies a carrying value adjustment of \$34,924 was recognized in the three-month and six-month periods ended June 30, 2006 (2005: Nil) as the market value of the securities, on a portfolio basis, was less than the cost of the marketable securities prior to the adjustment.

<u>Investment Name</u>	<u>Number of shares/ units</u>	<u>June 30, 2006 Cost</u>	<u>June 30, 2006 Market Value</u>
CAPVEST Income Corp. - Debentures	2,000	\$ 200,000	\$ 196,020
CAPVEST Income Corp. - Common shares	200,000	40,000	35,000
Arsenal Energy Inc. - Shares	632,547	823,495	822,311
Strategic Energy Fund - Trust units	20,000	279,760	255,000
		1,343,255	1,308,331
Portfolio cost adjustment		(34,924)	-
Balance per financial statements		\$ 1,308,331	1,308,331

<u>Investment Name</u>	<u>Number of shares/ units</u>	<u>Dec. 31, 2005 Cost</u>	<u>Dec. 31, 2005 Market Value</u>
CAPVEST Income Corp. - Debentures	2,000	\$ 200,000	\$ 200,000
CAPVEST Income Corp. - Common shares	200,000	40,000	38,000
Tiverton Petroleum Ltd. - Class A shares	2,020,360	563,179	626,312
Strategic Energy Fund - Trust units	20,000	279,760	279,000
		\$ 1,082,939	\$ 1,143,312

Pursuant to the acquisition of Tiverton Petroleum Ltd. ("Tiverton"), by Arsenal Energy Inc. ("Arsenal"), which closed on March 13, 2006, the Company received 0.23 of an Arsenal common share for each (1) Tiverton share held.

The manager of Strategic Energy Fund, and the investment advisor of CAPVEST Income Corp. are controlled by the Chairman of the Board of Directors and CEO of the Company.

7. CONTINGENCY FUND DEPOSIT

The Company is required by the Ontario Securities Commission (the "OSC") to maintain a contingency fund deposit of \$10,000 with CIBC Mellon Trust Company. The funds in the plan are invested and any interest may be used to settle with creditors of any bankrupt OSC participant and to pay registrant related legal fees.

C.A. BANCORP INC.
Notes to Consolidated Financial Statements
As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

8. SHARE CAPITAL

Authorized:

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of First Preferred Shares without nominal or par value.

The following is a continuity of the share capital of the Company:

Common shares	Prior to RTO		After RTO	
	Number	Amount	Number	Amount
C.A. Bancorp Ltd., outstanding as at January 1, 2006	1	\$ 1	-	\$ -
Conversion of amounts due to Petro Assets Inc. to common shares	120	1,196,177	-	-
C.A. Bancorp Ltd., outstanding as at January 26, 2006	121	1,196,178	3,368,590	1,078,201
Contribution from Petro Assets Inc.	-	-	31,316	9,874
	121	1,196,178	3,399,906	1,088,075
C.A. Bancorp Inc., outstanding as at January 26, 2006	3,500,000	407,894	3,500,000	339,408
Issued to Fund unitholders in exchange for net assets of Fund	-	-	4,516,379	1,424,014
As at June 30, 2006			11,416,285	\$ 2,851,497

9. WARRANTS

Common share purchase warrants	Prior to RTO		After RTO	
	Number	Amount	Number	Amount
Issued to Fund unitholders on January 26, 2006 (Note 3)	-	\$ -	4,516,379	\$ 156,718
Issued to C.A. Bancorp Ltd. shareholder on January 26, 2006 (Note 3)	-	-	3,399,906	117,977
As at June 30, 2006	-	\$ -	7,916,285	\$ 274,695

The fair value of the outstanding warrants as at June 30, 2006 was \$158,326 or \$0.02 per warrant based upon the last transacted price on the TSXV which occurred on June 19, 2006.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

10. INCENTIVE STOCK OPTIONS

The Company has a stock option plan for the benefit of directors, officers and employees of and consultants and service providers to the Company (the "Plan"). Pursuant to the Plan, the Board of Directors may allocate non-transferable options to purchase up to a maximum of 10% of the outstanding Common Shares of the Company. Options granted pursuant to the Plan are exercisable at a price not less than the market price of the Common Shares on the stock exchange on which such shares are traded less any applicable discounts permitted by the rules of such exchange. The maximum number of Common Shares which may be reserved for issuance to any one person under the Plan is 5% of the Common Shares outstanding at the time of grant.

On September 2, 2005, pursuant to the public offering, the agent was granted a non-transferable option to purchase up to 150,000 common Shares at \$0.20 per share. The option is exercisable at any time from issuance to 24 months from the date of listing of the Company's shares on the TSXV. The estimated fair value of these options on the date of grant was \$6,000 and was charged to share issue costs in the financial statements of C.A. Bancorp Inc., the accounting subsidiary, in the third quarter of 2005 and therefore are not included in the comparative financial statements.

On September 15, 2005, the Company granted, to Directors, an aggregate of 215,000 options to purchase Common Shares which may be exercised from issuance at a price of \$0.20 per share for a period of five years from the date of grant. The stock option plan and the grant of options there under are subject to regulatory approval and the Escrow Agreement. The estimated fair value of these options on the date of grant was \$14,405 and was charged to incentive stock option compensation on the statement of operations of C.A. Bancorp Inc., the accounting subsidiary, in the third quarter of 2005 and therefore are not included in the comparative financial statements.

On June 22, 2006, the Company granted, to certain directors, officers, employees and consultants an aggregate of 780,000 options to purchase Common Shares which may be exercised from issuance at a price of \$0.33 per share for a period of five years from the date of grant subject to vesting restrictions. One-third of the options vested on the date of grant with the remaining two-thirds vesting equally on June 22, 2007 and June 22, 2008. The estimated fair value of these options on the date of grant was \$107,780 and will be expensed as they vest. For the three-month and six-month periods ended June 30, 2006 the Company recorded an expense of \$35,927 in respect of these options.

The fair value of the incentive stock option grants on the date of grant were estimated using a Black-Scholes option pricing model. In determining the fair value of options, management was required to make assumptions that could have a material impact on the valuation. For the purposes of assuming a dividend yield management assumed a rate of 0%. Other assumptions including the risk-free rate and the expected volatility are disclosed in the following table.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

10. INCENTIVE STOCK OPTIONS (continued)

The following table summarizes information about the stock options outstanding as of June 30, 2006:

<u>Optionee Type</u>	<u># of Optioned Shares Issued</u>	<u>Vested at 30-Jun-06</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Risk-Free Rate</u>	<u>Volatility Assumption</u>	<u>Value at Grant</u>
<i>Sept. 2, 2005 Grant</i>							
Non-Employee	150,000	150,000	2-Sep-07	\$ 0.20	3.69%	30%	\$ 6,000
<i>Sept. 15, 2005 Grant</i>							
Employee	215,000	215,000	15-Sep-10	\$ 0.20	3.82%	30%	\$14,405
<i>June 22, 2006 Grant</i>							
Employee	430,000	143,333	22-Jun-11	\$ 0.33	4.45%	40%	\$59,417
Non-Employee	350,000	116,666	22-Jun-11	\$ 0.33	4.45%	40%	\$48,363
	780,000	260,000					\$107,780
Total	1,145,000	625,000					\$128,185

As at June 30, 2006, the weighted average contractual remaining life of the options was 4.34 years.

11. LOSS PER SHARE

The weighted average numbers of shares outstanding for the period ended June 30, 2006 and loss per share were as follows:

	Three-months ended		Six-months ended	
	Weighted Average Number of shares	Loss Per Share	Weighted Average Number of Shares	Loss Per Share
Basic	11,416,285	\$ (0.03)	10,309,050	\$ (0.04)
Diluted *	11,416,285	\$ (0.03)	10,309,050	\$ (0.04)

The weighted average numbers of shares outstanding for the period ended June 30, 2005 and loss per share were as follows:

	Three-months ended		Six-months ended	
	Weighted Average Number of shares	Loss Per Share	Weighted Average Number of Shares	Loss Per Share
Basic	3,399,906	\$ -	3,399,906	\$ -
Diluted *	3,399,906	\$ -	3,399,906	\$ -

The incentive stock options and warrants were excluded from the calculations of diluted earnings per share because they were anti-dilutive.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

12. FINANCIAL INSTRUMENTS

Except as disclosed elsewhere in these consolidated financial statements, the carrying value of the Company's financial instruments approximates their fair value.

13. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets (liabilities) as at June 30, 2006 are as follows:

	<u>As at</u> <u>June 30, 2006</u>
Future income tax assets	
Non-capital loss carryforwards	\$ 218,802
Issue costs	130,479
	<u>349,281</u>
Valuation allowance	(349,281)
Net future tax asset	<u>\$ -</u>

As at June 30, 2006, the Company and its subsidiaries had non-capital losses available to be carried forward to offset income in future years of \$609,476. The benefit of these losses has not been recognized in these financial statements. These losses expire as follows:

Year	
2012	\$ 130,439
2013	479,037
	<u>\$ 609,476</u>

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

13. INCOME TAXES (continued)

The provision for income taxes differs from the result which would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to income before income taxes as follows:

	<u>For the three months ended June 30, 2006</u>	<u>For the six-months ended June 30, 2006</u>
Loss before income taxes	\$ (291,123)	\$ (389,206)
Combined federal and provincial income tax rate	35.9%	35.9%
Expected income taxes	104,513	139,725
Permanent differences	(195)	(407)
Valuation allowance	(104,318)	(139,318)
	<u>\$ -</u>	<u>\$ -</u>

14. RELATED PARTY TRANSACTIONS

Unless mentioned elsewhere in the notes to these consolidated financial statements the following are additional disclosures regarding related party transactions.

a) Administration Agreement

On January 26, 2006 the Company and Sentry Select entered into an administration agreement (the "Administration Agreement") pursuant to which Sentry Select will provide administrative services to the Company for a monthly fee of \$35,000 plus applicable taxes, effective as of January 1, 2006. For the six month period ended June 30, 2006, \$210,000 was charged to C.A. Bancorp Inc. in respect of the Administration Agreement including \$105,000 that was charged in the three-months ended June 30, 2006. The consolidated statement of operations includes \$180,645 which has been charged to general and administrative expenses on the statement of operations and reflects the prorated amount of such fees since the date of the RTO. As of June 30, 2006 \$nil was due to Sentry Select in respect of such fees.

Prior to the Administration Agreement referred to above, CABL had a support services agreement dated September 1, 2005 with Sentry Select to provide consulting, administration and accounting services. For the period from September 1, 2005 to December 31, 2005 the fee for administration services was \$67,128 and was due to Sentry Select at December 31, 2005.

b) Reimbursement of expenses

As at June 30, 2006 \$7,780 (December 31, 2005: \$117,076) was due to Sentry Select for reimbursement of third party expenses of the Company paid for by Sentry Select. The amount is due on demand and is non-interest bearing.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

14. RELATED PARTY TRANSACTIONS (continued)

c) Due to Petro Assets Inc.

As at December 31, 2005, Petro Assets Inc. ("PAI"), a company controlled by the Chairman of the Board of Directors and CEO, was the sole shareholder of CABL. As at December 31, 2005, CABL had the following amounts due to PAI:

- i. \$39,181 due to PAI in respect of reimbursement of third party expenses of the Company paid for by PAI.
- ii. Pursuant to a loan agreement dated October 24, 2005, CABL had a loan payable to PAI in the amount of \$1,000,000 plus accrued interest of \$7,497 thereon. The loan is payable on demand and bears interest at the prime rate.
- iii. Pursuant to a subordinated debt agreement dated September 1997, CABL had a loan payable to PAI in the amount of \$77,500 which is unsecured, non-interest bearing and payable on demand.

The amounts due to PAI by CABL as at January 25, 2006, immediately prior to the Qualifying Transaction, were converted into common shares of CABL.

As at June 30, 2006 the amount due to PAI by CABL was \$3,425 on account of unpaid accrued interest related to the loan payable to PAI before the Qualifying Transaction.

15. AGREEMENTS WITH SENTRY SELECT

On May 18, 2006, the independent members of the Board of Directors of the Company approved a Management Agreement between the Company and Sentry Select and an amendment to the Administration Agreement dated January 26, 2006, each of which will be effective from July 1, 2006, and which are subject to regulatory approval.

The Management Agreement engages Sentry Select to provide investment management services in respect of the Company's merchant banking business and other investing activities, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments, for a quarterly fee of $\frac{1}{4}$ of 1.50%, plus applicable taxes, based on the Company's net asset value. Sentry Select will also be entitled to a performance bonus equal to 20% of the amount by which the annual net non-consolidated net pre-tax profits of the Company, as at December 31 in each year, exceeds the Bonus Threshold for such year. The Bonus Threshold is an amount equal to a return of 8% per annum compounded annually based on the Company's net asset value.

The Administration Agreement was amended to provide Sentry Select with a monthly fee of \$40,000, plus applicable taxes for the provision of administrative services including accounting and recordkeeping, regulatory reporting and compliance, investor relations, office space, equipment and administrative and management personnel, and other administrative and office services.

C.A. BANCORP INC.

Notes to Consolidated Financial Statements

As at June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

16. SUBSEQUENT EVENTS

On July 27, 2006 150,000 non-employee agent options were exercised at a strike price of \$0.20 providing the Company with \$30,000 in proceeds and share capital.

During the period from August 4, 2006 to August 22, 2006 139,000 warrants were exercised at a price of \$0.35 providing the Company with \$48,650 in proceeds.

The number of outstanding shares of the Company increased to 11,705,285 as a result of these transactions.