

Academy Explorations Limited
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited without review by auditor)

| | October 31, 2011 | April 30, 2011 | May 1, 2010 |
|--|---------------------|-------------------|-------------------|
| ASSETS | | | |
| Current: | | | |
| Cash and short-term investments | <u>\$ 460,478</u> | <u>\$ 490,274</u> | <u>\$ 519,704</u> |
| LIABILITES | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | <u>\$ 5,850</u> | <u>\$ 7,482</u> | <u>\$ 7,898</u> |
| SHAREHOLDERS' EQUITY | | | |
| Capital Stock (Note 5) | 1,165,711 | 1,165,711 | 1,165,711 |
| Deficit | <u>(711,083)</u> | <u>(682,919)</u> | <u>(653,905)</u> |
| | <u>454,628</u> | <u>482,792</u> | <u>511,806</u> |
| | <u>\$ 460,478</u> | <u>\$ 490,274</u> | <u>\$ 519,704</u> |

Academy Explorations Limited
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
For the Six Month Period Ended October 31, 2011
(Unaudited without review by auditor)

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| Revenue: | \$ <u> -</u> | \$ <u> -</u> |
| Expenses: | | |
| Managing directors' salaries | 12,000 | 12,000 |
| Shareholders' information | 11,210 | 4,066 |
| Corporate services | 2,034 | 1,986 |
| Transfer agent's fees and expenses | 1,695 | 1,655 |
| Directors' fees | - | 1,500 |
| Legal and audit | 1,158 | - |
| Office and general | <u> 67</u> | <u> 407</u> |
| | <u>28,164</u> | <u>21,614</u> |
| Net loss and comprehensive loss | | |
| for the period | \$ <u>28,164</u> | \$ <u>21,614</u> |
| Loss per common share | \$ <u>0.018</u> | \$ <u>0.014</u> |

Academy Explorations Limited
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
For the Three Month Period Ended October 31, 2011
(Unaudited without review by auditor)

| | 2011 | 2010 |
|---|-----------------------|-----------------------|
| Revenue: | \$ <u> -</u> | \$ <u> -</u> |
| Expenses: | | |
| Managing directors' salaries | 6,000 | 6,000 |
| Shareholders' information | 11,210 | 3,237 |
| Corporate services | 1,017 | 1,017 |
| Transfer agent's fees and expenses | 848 | 848 |
| Office and general | <u> 39</u> | <u> 262</u> |
| | <u>19,114</u> | <u>11,364</u> |
| Net loss and comprehensive loss for the period | \$ <u>19,114</u> | \$ <u>11,364</u> |
| Loss per common share | \$ <u>0.012</u> | \$ <u>0.007</u> |

Academy Explorations Limited
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the Six Month Period Ended October 31, 2011
(Unaudited without review by auditor)

| | 2011 | 2010 |
|------------------------------------|------------------|------------------|
| Cash Provided by (Used in): | | |
| Operation Activities: | | |
| Net loss | \$(28,164) | \$(21,614) |
| Decrease in accounta payable | <u>(1,632)</u> | <u>(3,286)</u> |
| Decrease in cash | (29,796) | (24,900) |
| Cash, beginning of period | <u>490,274</u> | <u>519,704</u> |
| Cash, end of period | <u>\$460,478</u> | <u>\$494,804</u> |

Academy Explorations Limited

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six month period ended October 31, 2011

(Unaudited without review by auditor)

| | Common Shares | Amount | Deficit | Total |
|------------------------------------|------------------|--------------------|--------------------|------------------|
| Balance , May 1, 2011 | 1,567,234 | \$1,165,711 | \$(682,919) | \$482,792 |
| Net loss and comprehensive loss | <u>-</u> | <u>-</u> | <u>(28,164)</u> | <u>(28,164)</u> |
| Balance, October 31, 2011 | <u>1,567,234</u> | <u>\$1,165,711</u> | <u>\$(711,083)</u> | <u>\$454,628</u> |
| Balance, May 1, 2010 | 1,567,234 | \$1,165,711 | \$(653,905) | \$511,806 |
| Net loss and comprehensive loss | <u>-</u> | <u>-</u> | <u>(21,614)</u> | <u>(21,614)</u> |
| Balance, October 31, 2010 | <u>1,567,234</u> | <u>\$1,165,711</u> | <u>\$(675,519)</u> | <u>\$490,192</u> |

Academy Explorations Limited
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
OCTOBER 31, 2011
(Unaudited without review by auditor)

1. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

These condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) and IFRS 1 First-Time Adoption of International Financial Reporting Standards (“IFRS 1”).

The policies applied in these condensed interim financial statements based on the IFRS are expected to be in effect as of April 30, 2012. The Board of Directors approved these condensed interim financial statements on December 22, 2011.

Subject to the application of the transition elections disclosed in Note 8, the Company has consistently applied the same accounting policies from the opening IFRS statement of financial position as at May 1, 2010 (the Company’s “Transition Date”) and throughout all periods presented, as if these policies had always been in effect. These condensed interim financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements.

The impact of the transition from Canadian GAAP to IFRS is explained in Note 7, including the effects of the transition to IFRS on equity and total comprehensive loss for the comparative periods.

2. GOING CONCERN

The ability of the Company to continue as a going concern and realize the carrying value of its assets is dependent upon its ability to achieve sales levels adequate to supporting the Company’s cost structure and success of its investments. It is not possible at this time to predict with assurance the outcome of these investments.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on account and demand deposits.

Foreign Currency Translation

The Company translates its foreign denominated monetary assets and liabilities at the exchange rate prevailing at the end of the period. Non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at the rate of exchange in effect at the time of the transaction. Exchange gains or losses are included in operations.

Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options using the treasury stock method.

after January 1, 2013. The Company has not yet considered the impact that this new standard will have on its financial statements.

4. INVESTMENTS

The Company holds various short-term investments along with a cash balance in its brokerage account. As at October 31, 2011, the balances are as follows:

| | Book Value | Market Value |
|---|-------------------|-------------------|
| Cash | \$ 35,394 | \$ 35,394 |
| Sprott Small Cap Hedge Fund | 199,991 | 264,557 |
| Turtle Creek Investment Fund Class B Series 1 | <u>225,093</u> | <u>202,028</u> |
| | <u>\$ 460,478</u> | <u>\$ 501,979</u> |

5. CAPITAL STOCK

The Company is authorized to issue an unlimited number of special shares and an unlimited number of common shares. Common shares issued and fully paid are as follows:

| | Number of shares | Amount |
|--|---------------------|--------------------|
| Issued common shares for cash | 867,234 | \$ 790,711 |
| Issued common shares for mining claims | <u>700,000</u> | <u>375,000</u> |
| | <u>1,567,234</u> | <u>\$1,165,711</u> |

Stock options:

As at October 31, 2011 the Company had no issued or outstanding stock options.

6. INCOME TAXES

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible. Management considers projected future taxable income uncertainties related to the industry in which the Company operates and tax planning strategies in making this assessment. The income tax benefit in the statements of operations and comprehensive income differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 36% for the years ended April 30, 2011 and 2010 to loss for the year.

| | <u>2011</u> | <u>2010</u> |
|---|----------------|----------------|
| Income tax recovery based on statutory rate | \$(123,260) | \$(112,815) |
| Unrecorded tax benefit of losses | <u>123,260</u> | <u>112,815</u> |
| | <u>\$ -</u> | <u>\$ -</u> |

Measurement Uncertainty

The preparation of financial statements 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 revenue and expenses during the period. Actual results would differ from those estimates.

Stock Based Compensation

The Company uses the Black-Scholes to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. Upon transition to IFRS, the Company provided for an estimate of the forfeiture rates determining the total share based compensation expense.

Future Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, future income taxes are recognized for temporary differences between the tax and financial statement bases of assets and liabilities and for certain carry forward items. Future income tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

Investments

Investments are stated at cost less any provision for any other than temporary decline in market value.

Accounting standards issued but not yet applied

At the date of approval of these condensed interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted as an accounting policy for the first period beginning after the expected date of the pronouncement. Information on new standard, amendment and interpretation that is expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 9 – Financial instruments: classification and measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost only in such instances that the entity is holding the financial asset to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, the financial asset must be measured at fair value through the statement of income. The new standard was also updated to included guidance on financial liabilities and de-recognition of financial instruments. The new standard is effective for years beginning on or

At April 30, 2011, the Company has approximately \$263,363 of non-capital losses available for carry-forward to reduce future years' income for Canadian income tax purposes. The losses have not been recorded and will expire as follows:

| | |
|------|------------------|
| 2012 | \$28,772 |
| 2013 | 43,168 |
| 2014 | 39,616 |
| 2015 | 34,084 |
| 2016 | 42,857 |
| 2017 | 45,852 |
| 2018 | <u>29,014</u> |
| | <u>\$263,363</u> |

7. CONVERSION TO IFRS

These are the Company's first unaudited condensed interim financial statements prepared in accordance with IAS 34, using accounting policies consistent with IFRS. The accounting policies described in Note 1 have been selected to be consistent with IFRS as is expected to be effective or available on April 30, 2012, the Company's first annual IFRS reporting date. These policies have been applied in the preparation of these unaudited condensed interim financial statements, including all comparative information.

First-time adoption of IFRS – exceptions and exemptions applied

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the Company's Transition Date. However, IFRS 1 also dictates certain mandatory exceptions and allows certain optional exemptions from full retrospective application on the transition to IFRS. In preparing its Transition Date statement of financial position, the Company has applied the following mandatory exceptions:

- The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles,
- Financial assets and liabilities that had been de-recognized before May 1, 2010 under previous GAAP have not been recognized under IFRS. The Company applied by anticipation the modification to IFRS 1 related thereto with respect to the application date of the exception, which is May 1, 2010.

The Company has also elected to apply the following exemptions:

- To apply IFRS 2 Share Based Payments, only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date;

Changes to accounting policies resulting from the conversion to IFRS

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on April 30, 2012, the Company's first annual IFRS reporting date. The impact of the changes to accounting policies on the recognition and measurement of assets,

liabilities, equity, revenue and expenses within the Company's financial statements are presented below.

The following summarized the significant changes to the Company's accounting policies on adoption of IFRS.

I) Share Based Payments

The guidance provided by IFRS 2 is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and the recognition of the related expense in income as the options vest. The use of the Black-Scholes model is an acceptable method to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. In accordance with Canadian GAAP, the Company had previously applied the straight line method. Also, under Canadian GAAP, the Company previously recorded forfeitures as they occur, however upon transition to IFRS, the Company provided for an estimate of the forfeiture rates determining the total share based compensation expense. The Company's accounting policy related to share-based payments has been adjusted to reflect these differences.

II) Impairment of Non-financial Assets

IFRS requires a write down of assets if the higher of the fair value less cost to sale and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets was less than its carrying value. The Company's accounting policies related to impairment of non-financial assets for impairment at the Transition Date (May 1, 2010) with the result that no impairment was required.

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENTS OF FINANCIAL POSITIONS**

| | CGAAP | At May 1, 2010 Effect of Transition to IFRS | IFRS |
|--|-------------------|--|-------------------|
| ASSETS | | | |
| Current: | | | |
| Cash and short-term investments | <u>\$ 519,704</u> | <u>\$ -</u> | <u>\$519,704</u> |
| LIABILITIES | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | <u>\$ 7,898</u> | <u>\$ -</u> | <u>\$ 7,898</u> |
| SHAREHOLDERS EQUITY | | | |
| Capital Stock | 1,165,711 | - | 1,165,711 |
| Deficit | <u>(653,905)</u> | <u>-</u> | <u>(653,905)</u> |
| | <u>511,806</u> | <u>-</u> | <u>511,806</u> |
| | <u>\$ 519,704</u> | <u>\$ -</u> | <u>\$ 519,704</u> |

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENTS OF FINANCIAL POSITIONS**

| | CGAAP | At April 30, 2011 Effect of Transition to IFRS | IFRS |
|--|-------------------|---|-------------------|
| ASSETS | | | |
| Current: | | | |
| Cash and short-term investments | <u>\$ 490,274</u> | <u>\$ -</u> | <u>\$490,274</u> |
| LIABILITIES | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | <u>\$ 7,482</u> | <u>\$ -</u> | <u>\$ 7,482</u> |
| SHAREHOLDERS EQUITY | | | |
| Capital Stock | 1,165,711 | - | 1,165,711 |
| Deficit | <u>(682,919)</u> | <u>-</u> | <u>(682,919)</u> |
| | <u>482,792</u> | <u>-</u> | <u>482,792</u> |
| | <u>\$ 490,274</u> | <u>\$ -</u> | <u>\$ 490,274</u> |

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENTS OF COMPREHENSIVE LOSS**

| | Six months ended October 31, 2010 | | |
|---|--------------------------------------|------------------------------------|------------------|
| | CGAAP | Effect of Transition to IFRS | IFRS |
| Revenue: | \$ _____ - | \$ _____ - | \$ _____ - |
| Expenses: | | | |
| Managing directors' salaries | 12,000 | - | 12,000 |
| Shareholders' information | 4,066 | - | 4,066 |
| Corporate services | 1,986 | - | 1,986 |
| Transfer agent's fees and expenses | 1,655 | - | 1,655 |
| Directors' fees | 1,500 | - | 1,500 |
| Office and general | <u>407</u> | <u>-</u> | <u>407</u> |
| | <u>21,614</u> | <u>-</u> | <u>21,614</u> |
| Net loss and comprehensive loss for the period | <u>\$ 21,614</u> | <u>\$ -</u> | <u>\$ 21,614</u> |

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENTS OF COMPREHENSIVE LOSS**

| | Three months ended October 31, 2010 | | |
|---|--|------------------------------------|------------------|
| | CGAAP | Effect of Transition to IFRS | IFRS |
| Revenue: | \$ - | \$ - | \$ - |
| Expenses: | | | |
| Managing directors' salaries | 6,000 | - | 6,000 |
| Shareholders' information | 3,237 | - | 3,237 |
| Corporate services | 1,017 | - | 1,017 |
| Transfer agent's fees and expenses | 848 | - | 848 |
| Office and general | <u>262</u> | <u>-</u> | <u>262</u> |
| | <u>11,364</u> | <u>-</u> | <u>11,364</u> |
| Net loss and comprehensive loss for the period | <u>\$ 11,364</u> | <u>\$ -</u> | <u>\$ 11,364</u> |

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENTS OF COMPREHENSIVE LOSS**

| | CGAAP | Year ended April 30, 2011 Effect of Transition to IFRS | IFRS |
|---|------------------|--|------------------|
| Revenue: | \$ <u>12,990</u> | \$ - | \$ <u>12,990</u> |
| Expenses: | | | |
| Managing directors' salaries | 24,512 | - | 24,512 |
| Directors' fees | 1,500 | - | 1,500 |
| Legal and audit | 2,542 | - | 2,542 |
| Shareholders' information and Transfer agent's fees | 12,690 | - | 12,690 |
| Miscellaneous | <u>760</u> | <u>-</u> | <u>760</u> |
| | <u>42,004</u> | <u>-</u> | <u>42,004</u> |
| Net loss and comprehensive loss for the year | \$ <u>29,014</u> | \$ <u>-</u> | \$ <u>29,014</u> |

**RECONCILIATION FROM CANADIAN GAAP TO IFRS
STATEMENT OF CHANGES IN EQUITY**

| | April 30, 2011 | October 31, 2010 | May 1, 2010 |
|--------------------------|-------------------|---------------------|-------------------|
| Total equity - CGAAP | \$482,792 | \$490,192 | \$511,806 |
| Transitional adjustments | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity - IFRS | <u>\$ 482,792</u> | <u>\$ 490,192</u> | <u>\$ 511,806</u> |