Academy Explorations Limited

Audited Financial Statements
For the year ended April 30, 2012

Management's Responsibility for Financial Reporting

The condensed financial statements are the responsibility of the management of Academy Explorations Limited. and have been prepared in accordance with International Financial Reporting Standards.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information presented elsewhere in this annual report.

To discharge its responsibilities for financial reporting and safeguarding of assets, management depends on the Company's systems of internal accounting control. These systems are designed to provide reasonable cost effective assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and for review and approving the consolidated financial statements. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board.

The Audit Committee meets periodically with management and the auditors to satisfy itself that each is properly discharging its responsibilities, to review significant accounting and reporting matters and to review the financial statements. The Audit Committee reports its findings and recommends the approval of the financial statements to the Board.

The financial statements have been audited on behalf of the shareholders by the independent auditor, John Scholz, in accordance with Canadian generally accepting auditing standards.

Paul Appleby
Chief Financial Officer and Secretary
Academy Explorations Limited
July 26, 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Academy Explorations Limited

We have audited the accompanying financial statements of Academy Explorations Limited, which comprise the balance sheet as at April 30, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Academy Explorations Limited. as at April 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

John Scholz CA
Licensed Public Accountant
Chartered Accountant
July 26, 2012
Toronto, Ontario

Academy Explorations Limited

Audited

Condensed Statement of Financial Position

	April 30 2012	April 30 2011	May 1 2010
Assets			
Current			
Cash and short-term investments (Notes 2 and 4)	$ 439,600	$ 490,274	$ 519,704
Liabilities			
Current			
Accounts payable and accrued liabilities	$ 6,017	$ 7,482	$ 7,898
Capital Deficiency			
Capital stock (Note 5)	1,165,711	1,165,711	1,165,711
Retained earnings (Deficit)	(732,128)	(682,919)	(653,905)
	433,583	482,792	511,806
	$ 439,600	$ 490,274	$ 519,704

APPROVED ON BEHALF OF THE BOARD

Rae Appleby, Director

Paul Appleby, Director

Academy Explorations Limited

Audited

Condensed Statements of Comprehensive Loss
For the years ended April 30, 2012 and 2011

	2012	2011
Results from operating activities:		
Revenue	$ -	$ -
Managing directors salary	24,006	24,512
Directors fees	1,500	1,500
Legal and audit	3,658	2,542
Shareholders' information and transfer agents' fees	21,038	12,690
Miscellaneous	178	760
	50,380	42,004
Finance income and costs:		
Gain on sale of short-term investments	714	10,080
Interest income	457	2,910
	1,171	12,990
Net income (loss)	(49,209)	(29,014)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	$ (49,209)	$ (29,014)
Net income (loss) per share - basic and diluted	$ (0.03)	$ (0.02)
Weighted average number of shares outstanding	1,567,234	1,567,234

Academy Explorations Limited

Audited

Condensed Statement of Changes in Equity

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance at May 1, 2010	$ 1,165,711	$ -	$ (653,905)	$ -	$ 511,806
Total comprehensive income income (loss) for the period					
Loss for the period			(29,014)		(29,014)
Balance at April 30, 2011	1,165,711	-	(682,919)	-	482,792
Balance at April 30, 2011	1,165,711	-	(682,919)	-	482,792
Total comprehensive income income (loss) for the period					
Loss for the period			(49,209)		(49,209)
Balance at April 30, 2012	$ 1,165,711	$ -	$ (732,128)	$ -	$ 433,583

Academy Explorations Limited

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Condensed Statements of Cash Flows
For the years ended April 30, 2012 and 2011

	2012	2011
Cash provided by (used in) operating activites:		
Net income (loss)	$ (49,209)	$ (29,014)
Net change in non-cash working capital	(1,465)	(416)
	(50,674)	(29,430)
Net change in cash	(50,674)	(29,430)
Cash balance, beginning of period	490,274	519,704
Cash balance, end of period	$ 439,600	$ 490,274

1. GENERAL

Statement of Compliance:
These condensed financial statements are prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). These are the Company's first International Financial Reporting Standards (IFRS) condensed financial statements and IFRS 1, First Time Adoption of IFRS has been applied, as they are part of the period covered by the Company's first IFRS financial statements for the year ending April 30, 2012.

The Company's condensed financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until April 30, 2011. Canadian GAAP differs from IFRS in some areas and accordingly, the significant accounting policies applied in the preparation of these condensed financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of income, comprehensive income, financial position, and cash flows of the Company is provided in note 8. This note includes information on the provisions of IFRS 1 and the exemptions that the Company elected to apply, reconciliations of equity, net income and comprehensive income for comparative periods and equity at the date of transition, May 1, 2010.

Information on first-time adoption of IFRS
The Company has prepared its IFRS opening statement of financial position as at May 1, 2010, the date of transition to IFRS. As at the date of transition, the Company did not hold material assets and did not carry on operations other than those related to management and administration. Accordingly after taking into account the mandatory exemptions and elections available under IFRS 1, "First-time adoption of International Financial Reporting Standards", there were no adjustments from GAAP required in the process of preparing IFRS opening balances (other than account reclassifications disclosed in respective notes).

Significant accounting judgments, and estimates
The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions and to use judgment that affects the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, actual results may differ from those estimated amounts and differences may be material.

In particular, significant areas of estimation uncertainty considered by management in preparing the financial statements are described in the following notes:

- Stock-based compensation
- Warrants
- Deferred income tax
- Commitments and contractual obligations

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.

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

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 year. Actual results would differ from those estimates.

Stock Based Compensation
The Company accounts for its stock option plan using the fair value method. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and expensed over the service period which equals the vesting period. The stock option expense for the year ended April 30, 2012 was $NIL (2011 -$NIL).

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.

3. CHANGES IN ACCOUNTING POLICY

(a) Financial Instruments

Effective January 1, 2006, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; and Section 3865, Hedges, retroactively without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, 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, including derivatives, 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 derecognized or impaired at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities and debenture, are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity instruments during the year ended April 30, 2012.

The Company had no “other comprehensive income or loss” transactions during the year ended April 30, 2012 and no opening or closing balances for accumulated other comprehensive income or loss.

The Company reviewed significant contracts entered into on or after January 1, 2003 and determined that there were no significant embedded derivatives or non-financial derivatives that require separate fair value recognition on the balance sheet.

(b) Non-monetary Transactions

Effective January 1, 2006, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3831, Non-monetary Transactions prospectively. This standard requires all non-monetary transaction be measured at their fair value unless they meet one of the four criteria. Commercial substance replaces culmination of the earnings process as the test for fair value measurement. A transaction has commercial substance if it causes an identifiable and measurable change in the economic circumstances of the entity. The adoption of this standard had no impact on the Company’s financial statements.

4. INVESTMENTS

The Company holds various short-term investments along with a cash balance in its brokerage account. As at April 30, 2012, the balances are as follows:

	Book Value	Market Value
Cash	$ 36,612	$ 36,612
Sprott Small Cap Hedge Fund	199,991	245,880
Turtle Creek Investment Fund Class B Series 1	202,997	229,682
	$ 439,600	$ 512,174

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	700,000	375,000
Balance as at April 30, 2012	1,567,234	$ 1,165,711

Stock options:
As at April 30, 2012 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, 2012 and 2011 to loss for the year.

	2012	2011
Income tax recovery based on statutory rate	$ (140,975)	$ (123,260)
Unrecorded tax benefit of losses	140,975	123,260
	$ -	$ -

7. INCOME TAXES … continued

At April 30, 2012, the Company has approximately $345,745 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:

2014	$ 33,173
2015	28,772
2026	43,168
2027	39,616
2028	34,084
2029	42,857
2030	45,852
2031	29,014
2032	49,209
	$345,745

8. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These audited condensed financial statements represent an initial presentation of the company's financial position and results of operations under IFRS as at and for the year ended April 30, 2012. As discussed in Note 1, these audited financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with IAS 34. Previously, the Company prepared its interim and annual financial statements in accordance with GAAP applicable for Canada. IFRS 1 requires the presentation of comparative information as at May 1, 2010 under IFRS and reconciliation between IFRS and the previous GAAP results. Due to the Company's:

• limited operations in 2012 and 2011;

• lack of assets as at May 1, 2010 and April 30, 2011; and

The implementation of IFRS did not trigger any adjustments to the Company's financial position and results of operations.