

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

	July 31, 2012	April 30, 2012
ASSETS		
Current:		
Cash and short-term investments	<u>\$ 437,323</u>	<u>\$ 439,600</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	<u>\$ 8,240</u>	<u>\$ 6,017</u>
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6)	1,165,711	1,165,711
Deficit	<u>(736,628)</u>	<u>(732,128)</u>
	<u>429,083</u>	<u>433,583</u>
	<u>\$ 437,323</u>	<u>\$ 439,600</u>

Academy Explorations Limited
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
For the Three Month Period Ended July 31, 2012
(Unaudited without review by auditor)

	2012	2011
Revenue:		
Gain on sale of short-term investments	\$ <u>4,796</u>	\$ <u>-</u>
Expenses:		
Managing directors' salaries	6,000	6,000
Legal and audit	1,360	1,158
Corporate services	1,017	1,017
Transfer agent's fees and expenses	847	847
Office and general	<u>72</u>	<u>28</u>
	<u>9,296</u>	<u>9,050</u>
Net loss and comprehensive loss for the period	\$ <u>4,500</u>	\$ <u>9,050</u>
Loss per common share	\$ <u>0.003</u>	\$ <u>0.006</u>

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the Three Month Period Ended July 31, 2012
(Unaudited without review by auditor)

	2012	2011
Cash Provided by (Used in):		
Operating Activities:		
Net loss	\$ (4,500)	\$ (9,050)
Increase in accounts payable	<u>2,223</u>	<u>926</u>
Decrease in cash	(2,277)	(8,124)
Cash, beginning of period	<u>439,600</u>	<u>490,274</u>
Cash, end of period	<u>\$ 437,323</u>	<u>\$ 482,150</u>

Academy Explorations Limited

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the three month period ended July 31, 2012

(Unaudited without review by auditor)

	Common Shares	Amount	Deficit	Total
Balance , May 1, 2012	1,567,234	\$1,165,711	\$(732,128)	\$433,583
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
Balance, July 31, 2012	<u>1,567,234</u>	<u>\$1,165,711</u>	<u>\$(736,628)</u>	<u>\$429,083</u>
Balance, May 1, 2011	1,567,234	\$1,165,711	\$(682,919)	\$482,792
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>(9,050)</u>	<u>(9,050)</u>
Balance, July 31, 2011	<u>1,567,234</u>	<u>\$1,165,711</u>	<u>\$(691,969)</u>	<u>\$473,742</u>

Academy Explorations Limited
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
JULY 31, 2012
(Unaudited without review by auditor)

1. BASIS OF PREPARATION

These condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”). The Board of Directors approved these condensed interim financial statements on September 28, 2012.

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 consolidated interim financial statements should be read in conjunction with the Company’s audited financial statements dated April 30, 2012.

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.

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 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 three month period ended July 31, 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.

4. CHANGES IN ACCOUNTING POLICIES

(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 three month period ended July 31, 2012.

The Company had no "other comprehensive income or loss" transactions during the three month period ended July 31, 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.

5. INVESTMENTS

The Company holds various short-term investments along with a cash balance in its brokerage account. As at July 31, 2012, the balances are as follows:

	Book Value	Market Value
Cash	\$ 54,669	\$ 54,669
Sprott Small Cap Hedge Fund	179,657	197,217
Turtle Creek Investment Fund Class B Series 1	<u>202,997</u>	<u>229,877</u>
	<u>\$ 437,323</u>	<u>\$ 481,763</u>

6. 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>
Balance as at July 31, 2012	<u>1,567,234</u>	<u>\$1,165,711</u>

Stock options:

As at July 31, 2012 the Company had no issued or outstanding stock options.

7. 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.

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

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	<u>49,209</u>
	<u>\$345,745</u>