

Academy Explorations Limited

BALANCE SHEET AS AT
(Unaudited without review by auditor)

	January 31, 2011	April 30, 2010
ASSETS		
Current:		
Cash and short-term investments	<u>\$ 495,472</u>	<u>\$ 519,704</u>
LIABILITES		
Current:		
Accounts payable and accrued liabilities	<u>\$ 3,990</u>	<u>\$ 7,898</u>
SHAREHOLDERS' EQUITY		
Capital Stock (Note 3)	1,165,711	1,165,711
Deficit	<u>(674,229)</u>	<u>(653,905)</u>
	<u>491,482</u>	<u>511,806</u>
	<u>\$ 495,472</u>	<u>\$ 519,704</u>

Academy Explorations Limited

STATEMENT OF OPERATIONS AND DEFICIT For the Nine Month Period Ended January 31, 2011 (Unaudited without review by auditor)

	2011	2010
Revenue:		
Interest income	\$ 10,580	\$ -
Expenses:		
Managing directors' salaries	18,512	18,000
Shareholders' information	4,693	3,300
Corporate services	3,003	2,835
Transfer agent's fees and expenses	2,522	2,362
Directors' fees	1,500	1,500
Office and general	<u>674</u>	<u>130</u>
	<u>30,904</u>	<u>28,127</u>
Net loss	(20,324)	(28,127)
Deficit, beginning of period	<u>(653,905)</u>	<u>(608,053)</u>
Deficit, end of period	\$ <u>(674,229)</u>	\$ <u>(636,180)</u>
Loss per common share	\$ <u>(0.013)</u>	\$ <u>(0.018)</u>

STATEMENT OF CASH FLOWS For the Nine Month Period Ended January 31, 2011 (Unaudited without review by auditor)

	2011	2010
Cash Provided by (Used in):		
Operating Activities:		
Net loss	\$ (20,324)	\$ (28,127)
Decrease in accounts payable	<u>(3,908)</u>	<u>(2,211)</u>
Decrease in cash	(24,232)	(30,338)
Cash, beginning of period	<u>519,704</u>	<u>565,848</u>
Cash, end of period	\$ <u>495,472</u>	\$ <u>535,510</u>

Academy Explorations Limited

STATEMENT OF OPERATIONS AND DEFICIT For the Three Month Period Ended January 31, 2011 (Unaudited without review by auditor)

	2011	2010
Revenue:		
Interest income	\$ <u>10,580</u>	\$ <u>-</u>
Expenses:		
Managing directors' salaries	6,512	6,000
Corporate services	1,017	945
Transfer agent's fees and expenses	867	787
Shareholders' information	627	563
Office and general	<u>267</u>	<u>50</u>
	<u>9,290</u>	<u>8,345</u>
Net income (loss)	1,290	(8,345)
Deficit, beginning of period	<u>(675,519)</u>	<u>(627,835)</u>
Deficit, end of period	\$ <u>(674,229)</u>	\$ <u>(636,180)</u>
Income (loss) per common share	\$ <u>0.001</u>	\$ <u>(0.006)</u>

STATEMENT OF CASH FLOWS For the Three Month Period Ended January 31, 2011 (Unaudited without review by auditor)

	2011	2010
Cash Provided by (Used in):		
Operating Activities:		
Net income (loss)	\$ 1,290	\$ (8,345)
Increase (decrease) in accounts payable	<u>(622)</u>	<u>5,402</u>
Increase (decrease) in cash	668	(2,943)
Cash, beginning of period	<u>494,804</u>	<u>538,453</u>
Cash, end of period	<u>\$ 495,472</u>	<u>\$ 535,510</u>

Academy Explorations Limited

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited without review by auditor)

1. 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 nine month period ended January 31, 2011 was \$NIL (2010 -\$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.

2. 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 nine month period ended January 31, 2011.

The Company had no "other comprehensive income or loss" transactions during the nine month period ended January 31, 2011 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.

3. Investments

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

	Book Value	Market Value
Cash	\$ 70,388	\$ 70,388
Sprott Small Cap Hedge Fund	199,991	298,173
Turtle Creek Investment Fund Class B Series 1	<u>225,093</u>	<u>282,281</u>
	<u>\$ 495,472</u>	<u>\$ 650,842</u>

4. 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 January 31, 2011 the Company had no issued or outstanding stock options.

5. 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, 2010 and 2009 to loss for the year.

	2010	2009
Income tax recovery based on statutory rate	\$ (112,815)	\$ (92,997)
Unrecorded tax benefit of losses	<u>112,815</u>	<u>92,997</u>
	<u>\$ -</u>	<u>\$ -</u>

At April 30, 2010, the Company has approximately \$267,522 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:

2011	\$ 33,173
2012	28,772
2013	43,168
2014	39,616
2015	34,084
2016	42,857
2017	<u>45,852</u>
	<u>\$267,522</u>

6. International financial reporting standards (IFRS)

The CICA plans the convergence of Canadian generally accepted accounting principles (GAAP) to International Financial Reporting Standards (IFRS) on a transition period ending in 2011. The Company expects this transition to have little effect on its accounting methods, presentation of financial information and information systems. During the next quarters, the Company will develop its internal implementation plan to meet the guidelines of the future reporting requirements.