Academy Explorations Limited

Financial Statements (REVISED)

April 30, 2011 and 2010

Academy Explorations Limited

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April 30, 2011 and 2010

AUDITORS' REPORT

To the Shareholders of:
Academy Explorations Limited

We have audited the balance sheets of **Academy Explorations Limited** as at April 30, 2011 and 2010, and the statements of operations, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation, as at April 30, 2011 and 2010, and the results of its operations and cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

"John Scholz CA"

July 20, 2011
Toronto, Ontario

Chartered Accountant
Licensed Public Accountant

Academy Explorations Limited

Statement I

Balance Sheets
As at April 30, 2011 and 2010

	2011	2010
ASSETS		
CURRENT		
Cash and short-term investments (Notes 1 and 3)	$ 490,274	$ 519704
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 7,482	$ 7,898
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4)	1,165,711	1,165,711
DEFICIT – Statement II	(682,919)	(653,905)
	482,792	511,806
	$ 490,274	$ 519,704

APPROVED ON BEHALF OF THE BOARD

Rae Appleby, Director

Paul Appleby, Director

Academy Explorations Limited **Statement II**

Statement of Operations and Deficit
For the Years Ended April 30, 2011 and 2010

	2011	2010
INTEREST INCOME	$ 12,990	$ -
EXPENSES		
Managing directors salary	24,512	24,743
Directors fees	1,500	1,500
Legal and audit	2,542	2,310
Shareholders’ information and transfer agents’ fees	12,690	16,740
Miscellaneous	760	559
	42,004	45,852
NET (LOSS) FOR THE YEAR	(29,014)	(45,852)
DEFICIT, BEGINNING OF THE YEAR	(653,905)	(608,053)
DEFICIT, END OF THE YEAR	$ (682,919)	$ (653,905)
LOSS PER SHARE	$ (0.0185)	$ (0.0293)

Academy Explorations Limited

Statement III

Statement of Cash Flows
For the Years Ended April 30, 2011 and 2010

	2011	**2010**
OPERATING ACTIVITIES		
Net (loss) for the year - Statement II	$ (29,014)	$ (45,852)
Net changes in non-working capital	(416)	(292)
INCREASE (DECREASE) IN CASH POSITION	(29,430)	(46,144)
CASH, BEGINNING OF YEAR	519,704	565,848
CASH, END OF YEAR	$ 490,274	$ 519,704

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 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, 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 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, 2011.

The Company had no “other comprehensive income or loss” transactions during the year ended April 30, 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 April 30, 2011, the balances are as follows:

	Book Value	Market Value
Cash	$ 65,190	$ 65,190
Sprott Small Cap Hedge Fund	199,991	303,356
Turtle Creek Investment Fund Class B Series 1	225,093	278,028
	$ 490,274	$ 646,574

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	700,000	375,000
Balance as at April 30, 2011	1,567,234	$ 1,165,711

Stock options:
As at April 30, 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, 2011 and 2010 to loss for the year.

	2010	2010
Income tax recovery based on statutory rate	$ (123,260)	$ (112,815)
Unrecorded tax benefit of losses	123,260	112,815
	$ -	$ -

5. INCOME TAXES … continued

At April 30, 2011, the Company has approximately $313,374 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	29,014
	$263,363

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.