# Academy Explorations Limited

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited without review by auditor)

| | July 31, 2018 | April 30, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current:** | | |
| Cash and cash equivalents | $222,340 | $ 98,968 |
| Accounts receivable (Note 5) | 171,165 | - |
| Marketable securities (Note 4) | - | 127,090 |
| | $ 393,505 | $ 226,058 |
| **LIABILITES** | | |
| **Current:** | | |
| Accounts payable and accrued liabilities (Note 5) | $ 70,402 | $ 7,121 |
| **SHAREHOLDERS' EQUITY** | | |
| **Share Capital (Note 6)** | 1,665,711 | 1,165,711 |
| **Deficit** | (1,342,608) | (946,774) |
| | 323,103 | 218,937 |
| | $ 393,505 | $ 226,058 |

# Academy Explorations Limited

**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

**For the Three Month Period Ended July 31, 2018**

(Unaudited without review by auditor)

| | **2018** | **2017** |
|---|---|---|
| **Revenue:** | | |
| Dividend Income | $ 802 | $ 1,739 |
| Interest Income | 164 | 407 |
| Gain on sale of marketable securities | 1,400 | 2,795 |
| | 2,366 | 4,941 |
| **Expenses:** | | |
| Consulting fees | 377,279 | - |
| Legal and audit (Note 5) | 15,000 | - |
| Managing director's salaries (Note 5) | 4,000 | 6,000 |
| Corporate services | 978 | 1,017 |
| Transfer agent's fees and expenses | 508 | 654 |
| Office and general | 435 | 44 |
| | 398,200 | 7,715 |
| **Net loss and comprehensive loss for the period** | $ (395,834) | $ (2,774) |
| **Loss per common share** | $ ( 0.046) | $ ( 0.002) |
| **Weighted average number of common shares issued during the period** | 8,632,451 | 1,567,234 |

# Academy Explorations Limited

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**
**For the Three Month Period Ended July 31, 2018**
(Unaudited without review by auditor)

| | 2018 | 2017 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net Loss | $ (395,834) | $(2,774) |
| Items not affecting cash: | | |
| Gain on sale of marketable securities | (1,400) | (2,795) |
| | (397,234) | (5,569) |
| Change in non-cash working capital: | | |
| Accounts receivable | (171,165) | - |
| Marketable securities | 128,490 | - |
| Accounts payable and accrued liabilities | 63,281 | (1,022) |
| Cash flows from operating activities | (376,628) | (6,591) |
| **Cash Flows From Financing Activities:** | | |
| Sale of common shares for cash | 500,000 | - |
| **Net Increase (Decrease) In Cash and Cash Equivalents For the Period** | 123,372 | (6,591) |
| Cash and Cash Equivalents, Beginning of Period | 98,968 | 143,749 |
| Cash and Cash Equivalents, End of Period | $222,340 | $137,158 |
| Cash Flows Supplementary Information | | |
| Dividend Income | $802 | $1,739 |
| Interest Income | $164 | $407 |

# Academy Explorations Limited

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the Three Month Period Ended July 31, 2018**

(Unaudited without review by auditor)

| | Common Shares | Amount | Deficit | Total |
|---|---|---|---|---|
| Balance, May 1, 2018 | 1,567,234 | $1,165,711 | $(946,774) | $218,937 |
| Sale of common shares for cash | 25,000,000 | 500,000 | - | 500,000 |
| Net loss and comprehensive loss | - | - | (395,834) | (395,834 ) |
| Balance, July 31, 2018 | 26,567,234 | $1,665,711 | $(1,342,608) | $323,103 |
| | | | | |
| Balance, May 1, 2017 | 1,567,234 | $1,165,711 | $(907,863) | $257,848 |
| Net loss and comprehensive loss | - | - | (2,774) | (2,774) |
| Balance, July 31, 2017 | 1,567,234 | $1,165,711 | $(910,637) | $255,074 |

## 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 26, 2018.

## 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.

**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.

**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.

**Financial Instruments**

Financial instruments are classified into one of five categories: FVTPL; held-to-maturity ("HTM"); loans and receivables; available for sale ("AFS"); or other financial liabilities.

The classification is determined at initial recognition and depends on the nature and purpose of the financial instruments.

(i) FVTPL financial instruments –

Financial assets and financial liabilities at fair value through profit and loss include assets and liabilities that are held for trading or designated upon initial recognition as FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the company manages and has an actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument. Financial assets and liabilities classified as FVTPL are measured at fair value, and are based on bid prices for long instruments and ask prices for short instruments, with changes in fair values recognized in net income in the statement of comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset or liability. Currently, the company classifies its cash and marketable securities as FVTPL.

(ii) HTM financial instruments –

HTM financial instruments having a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial instrument to maturity, are classified at HTM and measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of HTM financial instruments are included in net income in the statement of income and comprehensive income. Currently, the Company has no HTM financial instruments.

(iii) Loans and Receivables –

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are included in net income in the statement of income and comprehensive income. Currently, the Company has no loans and receivables.

(iv) AFS financial instruments –

AFS financial instruments are those financial assets that are not classified as FVTPL, HTM or loans and receivables and are carried at fair value. Any gains or losses arising from the change in fair value are recorded in other comprehensive income. AFS financial instruments are written down to fair value through other comprehensive income whenever it is necessary to reflect other-than-temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are reclassified from the equity to net income as a reclassification adjustment. Currently, the Company has no AFS financial instruments.

(v) Other financial liabilities –

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis in net income in the statement of comprehensive loss. The Company has classified accounts payable and accrued liabilities as other financial liabilities.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments recorded at fair value in the financial statements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Impairment of financial instruments**

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted.

Objective evidence of impairment could include: significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments, or it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Certain categories of financial assets, such as amounts receivable, that are assessed to not be impaired individually are subsequently assessed for impairment on a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance accounts are recognized in net income in the statement of comprehensive loss. In a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net income in the statement of comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**Pending accounting changes -**

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management has not yet determined the impact of the amendments on the Company's financial statements.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly al contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the standard is mandatory and early adoption is permitted. Management has not yet determined the impact of the amendments on the Company's financial statements.

In December 2014, the IASB issued amendments to IAS 1 – Presentation of Financial

Statements ("IAS 1") to improve the effectiveness of presentation and disclosure in financial reports with the objective of reducing immaterial note disclosure. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. Management has not yet determined the impact of the amendments on the Company's financial statements.

| **4. MARKETABLE SECURITIES** | **July 31** 2018 | **April 30** 2018 |
|---|---|---|
| Canadian Imperial Bank of Commerce 3.75% non-cumulative Series 43 preferred shares | $- | $33,930 |
| Royal Bank of Canada 3.60% non-cumulative Series BD preferred shares | - | 48,260 |
| Toronto Dominion Bank 3.75% non-cumulative Series 5 preferred shares | - | 44,900 |
| | $- | $127,090 |

During the period, the marketable securities were sold for $128,490.

## 5. RELATED PARTY TRANSACTIONS

Included in accounts receivable as of July 31, 2018 was $146,995 (April 30, 2018-Nil) held in trust by a law firm. One of the current directors and one of the officers are partners of this law firm. Included in accounts payable is $15,000 in unbilled fees incurred by this law firm (2017-Nil)

During the three month period ended July 31, 2018, the Company incurred $4,000 (2017-$6,000) in compensation to a former executive officer included in managing director's salaries in the statement of comprehensive loss. As at July 31, 2018, $2,000 remained payable and was included in accounts payable and accrued liabilities ($2,000 as at July 31, 2017).

## 6. SHARE CAPITAL

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 | 25,867,234 | $ 1,290,711 |
| Issued common shares for mining claims | 700,000 | 375,000 |
| **Balance as at July 31, 2018** | 26,567,234 | $1,665,711 |

On July 5, 2018, the Company issued 25,000,000 common shares for $500,000 cash.

**Stock options:**

The Company on July 5, 2018 granted 400,000 stock options to certain of its directors and officers. Each such option entitles the holder to acquire one Common Share for a period of 3 years at an exercise price of $0.02 per Common Share.

## 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 26.50% for the years ended April 30, 2018 and 2017 to loss for the year.

| | **2018** | **2017** |
|---|---|---|
| Income tax recovery based on statutory rate | $(154,216) | $(143,253) |
| Less valuation allowance | 154,216 | 143,253 |
| | $ - | $ - |

At April 30, 2018, the Company has approximately $591,200 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:

| | |
|---|---|
| 2024 | $33,173 |
| 2025 | 28,772 |
| 2026 | 43,168 |
| 2027 | 39,616 |
| 2028 | 34,084 |
| 2029 | 42,857 |
| 2030 | 45,852 |
| 2031 | 29,014 |
| 2032 | 49,566 |
| 2033 | 32,148 |
| 2034 | 46,889 |
| 2035 | 27,334 |
| 2036 | 50,357 |
| 2037 | 44,544 |
| 2038 | 43,826 |
| | $591,200 |

## 8. FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

| **Financial assets** | **July 31, 2018** | **April 30, 2018** |
|---|---|---|
| FVTPL, measured at fair value: | $222,340 | $98,968 |
| Cash and cash equivalents | | |
| Accounts receivable | 171,165 | - |
| Marketable securities | - | 127,090 |
| | | |
| **Financial liabilities** | | |
| Financial liabilities, measured at amortized cost: | | |
| Accounts payable and accrued liabilities | $70,402 | $7,121 |

The carrying values of the Company's financial instruments approximate their fair values. At the current time the Company categorizes all of its financial instruments measured at fair value to be Level 1.

Risk Management –

**Liquidity risk** –

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The current assets reflected on the statement of financial position are highly liquid. Additional information regarding the Company's capital management is discussed in note 9.

**Market risk** -

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instruments or its issue, or factors affecting similar financial instruments traded in the market. The Company is exposed to market risk to the extent of its holdings in marketable securities.

**Price sensitivity**

As at July 31, 2018, had the prices of the marketable securities held by the Company increased or decreased by 5%, with all other variables held constant, comprehensive loss would have been decreased by approximately $19,800 or increased by approximately $19,800, respectively. In practice, the actual trading result may differ from this analysis and the difference may be immaterial.

## 9. CAPITAL MANAGEMENT

The Company's business requires capital for funding current and future operations. The Company defines capital to include shareholder's equity, which is comprised of share capital and deficit. Capital as of July 31, 2018 is as follows:

| | Carrying Amount | As a % of capital |
|---|---|---|
| Stated capital | $ 1,665,711 | 516 % |
| Deficit | (1,342,608) | (416%) |
| | $323,103 | 100% |