



FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2013 AND 2012

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

WABI EXPLORATION INC.
Interim Statements of Financial Position
(Expressed in Canadian Dollars)

As at	July 31, 2013 \$	April 30, 2013 \$
	(Unaudited)	
ASSETS		
CURRENT		
Cash (Note 11)	2,075	1,359
Amounts receivable (Note 5)	150	-
Prepaid expenses	1,640	-
TOTAL CURRENT	3,865	1,359
Equipment (Note 4)	402	536
TOTAL	4,267	1,895
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	81,692	82,832
Advance from related party (Note 12)	26,287	13,500
Accrued interest on convertible debenture	1,300	1,138
Convertible debenture (Note 7)	65,000	62,802
TOTAL	174,279	160,272
SHAREHOLDERS' DEFICIENCY		
CAPITAL STOCK (Note 8(b))	2,251,464	2,251,464
EQUITY PORTION OF CONVERTIBLE DEBENTURE (Note 7)	10,292	10,292
SHARE-BASED PAYMENTS RESERVE (Note 9)	78,743	91,243
DEFICIT	(2,510,511)	(2,551,376)
TOTAL SHAREHOLDERS' DEFICIENCY	(170,012)	(158,377)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	4,267	1,895

GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)
CONTINGENCIES (Note 13)

APPROVED ON BEHALF OF THE BOARD:

Signed, "Andrew McQuire" Director

Signed, "James Brady" Director

See notes to the accompanying financial statements.

WABI EXPLORATION INC.
Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended July 31,	2013 \$	2012 \$
EXPENSES		
Exploration expenditures		
Technical consulting	600	-
	600	-
General and administrative expenses		
Professional fees	425	4,999
Office and general	1,578	2,977
Shareholder relations	6,485	4,717
Accretion expense (Note 7)	2,198	1,697
Interest on convertible debenture	163	-
Amortization	134	134
Interest and bank charges	52	53
	11,035	14,577
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(11,635)	(14,577)
Loss per share - basic and diluted	(0.00)	(0.00)
Weighted average number of shares outstanding - basic and diluted	19,033,699	19,033,699

See notes to the accompanying financial statements.

WABI EXPLORATION INC.
Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended July 31,	2013 \$	2012 \$
Operating activities:		
Net loss for the period	(11,635)	(14,577)
Non-cash items included in net loss:		
Accretion expense	2,198	1,697
Amortization	134	134
Net change in non-cash working capital balances:		
Amounts receivable	(150)	1,353
Prepaid expenses	(1,640)	607
Accounts payable and accrued liabilities	(1,141)	6,700
Interest on convertible debenture	163	-
Cash used in operating activities	(12,071)	(4,086)
Financing activities:		
Advance from related party	12,787	-
Cash provided by financing activities	12,787	-
(Decrease) increase in cash	716	(4,086)
Cash, beginning of period	1,359	26,288
Cash, end of period	2,075	22,202
Supplemental Information:		
Interest paid	-	-
Taxes paid	-	-

See notes to the accompanying financial statements.

WABI EXPLORATION INC.
Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Capital Stock \$	Equity Portion of Convertible Debenture \$	Share-based Payments Reserve	\$	Retained Earnings (Deficit) \$	Total Equity \$
Balance April 30, 2012	19,033,699	2,251,464	6,539	107,003		(2,447,050)	(82,044)
Net Loss After Tax	-	-	-	-		(14,577)	(14,577)
Balance July 31, 2012	19,033,699	2,251,464	6,539	107,003		(2,461,627)	(96,621)
Net Loss After Tax	-	-	-	-		(72,048)	(72,048)
Expiry of warrants	-	-	-	(15,760)		15,760	-
Extension of convertible debenture (Note 7)	-	-	3,753	-		6,539	10,292
Balance April 30, 2013	19,033,699	2,251,464	10,292	91,243		(2,511,376)	(158,377)
Net Loss After Tax	-	-	-	-		(11,635)	(11,635)
Expiry of warrants	-	-	-	(12,500)		12,500	-
Balance July 31, 2013	19,033,699	2,251,464	10,292	78,743		(2,510,511)	(170,012)

See notes to the accompanying financial statements.

WABI EXPLORATION INC.

Notes to the Interim Financial Statements

For the periods ended July 31, 2013 and 2012

1. NATURE OF OPERATIONS AND GOING CONCERN

Wabi Exploration Inc. (the "Company") currently has an interest in an exploration property in Manitoba, Canada. The Company is in the process of exploring and evaluating its interests in resource properties. Substantially all of the Company's efforts are devoted to financing this property. There has been no determination whether the Company's interest in its mineral property contains mineral reserves which are economically recoverable. The Company is incorporated and domiciled in Ontario, Canada. The registered address of the Company and its principal place of business is 400-365 Bay Street, Toronto, ON M5H 2V1. The Company's shares are listed on the CNSX (Canadian National Stock Exchange).

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of the property, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern must be disclosed. As at July 31, 2013, the Company has not yet achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company's liabilities as they become payable and ultimately to generate profitable future operations. As at July 31, 2013 the Company had a working capital deficiency of \$170,415. These unaudited condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the financial statements.

2. BASIS OF PRESENTATION

(i) Statement of Compliance

These unaudited condensed interim financial statements ("interim financial statements") of Wabi Exploration Inc. as at and for the three months ended July 31, 2013, have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These interim financial statements of the Company for the three months ended July 31, 2013 and 2012 were approved and authorized for issue by the Board of Directors on September 26, 2013.

(ii) Significant accounting judgements, estimates and assumptions

The preparation of interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions 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. Actual results may differ from these estimates and these differences could be material.

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

(iii) Significant accounting policies

The significant accounting policies applied in these interim financial statements have been prepared following the same accounting policies and methods of computation as the audited annual financial statements for the years ended April 30, 2013 and 2012.

These interim financial statements were prepared under the historical cost basis, except for certain assets which are measured at fair value as explained in the accounting policies set out in the audited annual financial statements for the years ended April 30, 2013 and 2012. In addition, these interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements issued by the IASB or IFRIC are mandatory for accounting periods beginning on May 1, 2013 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach 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 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, 2015. Earlier adoption is permitted.

IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

IAS 28 - Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

and also prescribes how investments in associates and joint ventures should be tested for impairment. The amendments to IAS 28 are effective for annual periods beginning on or after January 1, 2013.

IAS 32 – Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

4. EQUIPMENT

	Computers
Gross carrying amount	
Balance at April 30, 2012	\$ 1,608
Additions	-
Balance at April 30, 2013 and July 31, 2013	<u>\$ 1,608</u>
Accumulated amortization	
Balance at April 30, 2012	\$ 536
Amortization	536
Balance at April 30, 2013	<u>1,072</u>
Amortization	134
Balance at July 31, 2013	<u>1,206</u>
Carrying amount, April 30, 2013	<u>\$ 536</u>
Carrying amount, July 31, 2013	<u>\$ 402</u>

5. AMOUNTS RECEIVABLE

	July 31, 2013	April 30, 2013
GST/HST receivable	\$ 150	\$ -

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2013	April 30, 2013
Accounts payable and accrued liabilities	\$ 81,692	\$ 82,832

7. CONVERTIBLE DEBENTURE

A director and officer of the Company, from time to time, advances funds to the Company for working capital needs. In August 2011, the director and officer executed a promissory note in the amount of \$65,000 in the form of a convertible debenture. The debenture is convertible into common shares of the Company at a price of \$0.05 per common share, was originally due August 3, 2012, is unsecured and bears interest at 1% per annum. In August 2012, the director and officer opted to extend the terms of repayment of the debenture for one year to August 3, 2013. Subsequent to the period ended July 31, 2013, the director and officer again opted to extend the terms of repayment for one year. The debenture is now due August 3, 2014.

The debenture is classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debenture being less than face value. The discount is being

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

accreted over the term of the debenture utilizing the effective interest rate method at a 20.0% (2012 – 12.3%) discount rate. An amount of \$2,198 was recorded as accretion expense on the statement of operations and comprehensive loss for the period ended July 31, 2013 (2012 - \$1,697).

8. CAPITAL STOCK

(a) As at July 31, 2013 and April 30, 2013, the Company's authorized number of common shares was unlimited without par value.

(b) **Common Shares**

Issued	Shares	Amount
	#	\$
19,033,699 Common Shares		
Balance, April 30, 2013 and July 31, 2013	19,033,699	2,251,464

(i) On August 9, 2011, the Company received approval of its application to list its common shares on the Canadian National Stock Exchange ("CNSX"). Effective August 11, 2011, the Company's common shares began trading on the CNSX under the trading symbol "WAB". Pursuant to CNSX policies, shares belonging to related parties held prior to listing were put into escrow. As at July 31, 2013, 4,059,889 shares were in escrow. Subsequent to the period ended July 31, 2013, 1,353,296 shares were released from escrow and returned to the related parties in question.

9. SHARE-BASED PAYMENTS RESERVE

	Number of Options	Weighted Average Exercise Price	Value of Options	Number of Warrants	Weighted Average Exercise Price	Value of Warrants	Total Value
Balance April 30, 2012	500,000	\$ 0.10	\$ 5,000	10,053,604	0.08	\$102,003	\$107,003
Expired	-	-	-	(5,000,000)	(0.05)	(15,760)	(15,760)
Balance April 30, 2013	500,000	\$ 0.10	\$ 5,000	5,053,604	0.11	86,243	\$ 91,243
Expired	-	-	-	(1,250,000)	(0.15)	(12,500)	(12,500)
Balance July 31, 2013	500,000	\$ 0.10	\$ 5,000	3,803,604	0.10	73,743	\$ 78,743

Warrants

Summary of warrants and broker warrants outstanding at July 31, 2013:

Number of Warrants	Weighted Average Exercise Price \$	Estimated Grant Date Fair Value \$	Expiry Date
3,803,604	0.10	73,743	October 28, 2015

During the period ended July 31, 2013, 1,250,000 warrants with a weighted average exercise price of \$0.15 expired unexercised.

Options

(i) The Company's Stock Option Plan ("the Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period.

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued and outstanding shares of the Company as at the date of the grant of options.

Options to purchase common shares outstanding at July 31, 2013 carry exercise prices and remaining terms to maturity as follows:

Number of Options	Options exercisable	Weighted Average Exercise Price \$	Fair value at grant date	Expiry Date	Contractual Remaining Life (Years)
500,000	500,000	0.10	\$5,000	October 29, 2013	0.25

The grant date fair value of the options was estimated, using the Black-Scholes option pricing model, with the following assumptions: a risk-free interest rate of 2.80% on the date of issue, an expected life of 3 years, a volatility of 107% and dividend yield of 0%.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of shareholder's loan, capital stock and share-based payments reserve. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the periods ended July 31, 2013 or 2012. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3 to the Audited Financial Statements for the years ended April 30, 2013 and 2012.

Financial assets and liabilities as at July 31, 2013 and April 30, 2013 were as follows:

	Cash, loans and receivables \$	Other liabilities \$	Total \$
July 31, 2013			
Cash	2,075	-	2,075
Accounts payable and accrued liabilities	-	(81,692)	(81,692)
Accrued interest on convertible debenture	-	(1,300)	(1,300)
Advance from related party	-	(26,287)	(26,287)
Convertible debenture	-	(65,000)	(65,000)
	2,075	(174,279)	(172,204)

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

	Cash, loans and receivables	Other liabilities	Total
April 30, 2013	\$	\$	\$
Cash	1,359	-	1,359
Accounts payable and accrued liabilities	-	(82,832)	(82,832)
Accrued interest on convertible debenture	-	(1,138)	(1,138)
Advance from related party	-	(13,500)	(13,500)
Convertible debenture	-	(62,802)	(62,802)
	1,359	(160,272)	(158,913)

Financial Instrument Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies or procedures during the periods ended July 31, 2013 and 2012.

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2013, the Company had cash and amounts receivable of \$2,225 (April 30, 2013 - \$1,359) to settle current liabilities of \$174,279 (April 30, 2013 - \$160,272).

Market Risk

(a) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at July 31, 2013, no amounts were held in short-term deposit certificates.

(b) Foreign currency risk

The Company's functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not currently a revenue producing entity.

Fair value

Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, amounts receivable, convertible debenture and accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of the instruments. It is not possible to determine if the advances from related party are at fair value as there is no comparable market value for such a loan.

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

At April 30, 2013, the Company had no financial instruments that are carried at fair value.

12. RELATED PARTY DISCLOSURES

During the period, the Company entered into the following transactions in the ordinary course of business with related parties of the Company:

	<u>31-Jul-13</u>	<u>30-Apr-13</u>
Officers and directors	\$ 62,825	\$ 60,000
Convertible debenture	\$ 65,000	\$ 62,802
Accrued interest on convertible debenture	\$ 1,300	\$ 1,138
Advance from related party	\$ 26,287	\$ 13,500

The convertible debenture is owed to a director of the Company and is convertible into common shares of the Company at a price of \$0.05 per common share, is due August 3, 2014, is unsecured and bears interest at 1% per annum (Note 7).

The amount advanced from related party relates to a loan from a director and officer of the Company which is due on demand, unsecured and non-interest bearing. No guarantees have been given for this amount.

The amounts to officers and directors are included in accounts payable and accrued liabilities at July 31, 2013. The total consists of \$2,825 (April 30, 2013 - \$565) owing to an officer of the Company for management services rendered; also included at July 31, 2013 is an amount of \$59,435 (April 30, 2013 - \$59,435) for legal services rendered by a lawyer who also acts as the Company's Corporate Secretary.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the period was as follows:

	<u>Period ended</u>	
	July 31,	
	<u>2013</u>	<u>2012</u>
Salaries including bonuses	\$ 2,500	\$ 2,500
Share-based payments	-	-
Total remuneration	\$ 2,500	\$ 2,500

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

13. ENVIRONMENTAL CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

WABI EXPLORATION INC.
Notes to the Interim Financial Statements
For the periods ended July 31, 2013 and 2012

14. SUBSEQUENT EVENTS

- i) Subsequent to the period ended July 31, 2013, an officer and director paid invoices of \$19,250 on the Company's behalf. The amount is due on demand, unsecured and non-interest bearing. No guarantees have been given for this amount.
- ii) See also Notes 7 and 8(b)(i).