

**AFRASIA MINERAL FIELDS INC.**

Condensed Interim Financial Statements

Nine months ended February 28, 2014 and 2013

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

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# AFRASIA MINERAL FIELDS INC.

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# **AFRASIA MINERAL FIELDS INC.**

## **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 condensed 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 condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

April 24, 2014

## AFRASIA MINERAL FIELDS INC.

Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars – Unaudited)

	Note	February 28, 2014	May 31, 2013
<b>Assets</b>			
Current assets			
Cash		\$ 267	\$ 18,531
Receivables	3	14,076	13,290
Prepays		417	417
		<b>14,760</b>	32,238
Property and equipment	4	1,721	3,012
		<b>\$ 16,481</b>	\$ 35,250
<b>Liabilities and Shareholders' Deficiency</b>			
Current liabilities			
Trade payables and accrued liabilities	5	\$ 28,706	\$ 14,981
Due to related parties	7	159,649	89,814
		<b>188,355</b>	104,795
Shareholders' Deficiency			
Share capital	6	8,349,105	8,349,105
Reserves		204,669	204,669
Deficit		(8,725,648)	(8,623,319)
		<b>(171,874)</b>	(69,545)
		<b>\$ 16,481</b>	\$ 35,250

Subsequent event (Note 10)

The accompanying notes form an integral part of these condensed interim financial statements.

## AFRASIA MINERAL FIELDS INC.

### Statement of Changes in Equity (Expressed in Canadian Dollars – Unaudited)

	Share Capital		Reserves	Deficit	Total Equity
	Number of Shares	Amount			
Balance, May 31, 2012	20,026,663	\$ 8,349,105	\$ 204,669	\$ (8,495,094)	\$ 58,680
Net loss for the period	–	–	–	(94,407)	(94,407)
Balance, February 28, 2013	20,026,663	8,349,105	204,669	(8,589,501)	(35,727)
Net loss for the period	–	–	–	(33,818)	(33,818)
Balance, May 31, 2013	20,026,663	8,349,105	204,669	(8,623,319)	(69,545)
Net loss for the period	–	–	–	(102,329)	(102,329)
<b>Balance, February 28, 2014</b>	20,026,663	\$ 8,349,105	\$ 204,669	\$ (8,725,648)	\$ (171,874)

The accompanying notes form an integral part of these condensed interim financial statements.

## AFRASIA MINERAL FIELDS INC.

### Condensed Interim Statement of Comprehensive Loss (Expressed in Canadian Dollars – Unaudited)

	Note	Three months ended February 28,		Nine months ended February 28,	
		2014	2013	2014	2013
Expenses:					
Amortization		\$ 219	\$ 389	\$ 1,291	\$ 1,168
Management fees	7	7,500	7,500	22,500	22,500
Office and administration	7	9,296	10,254	30,311	31,971
Professional fees		–	1,500	16,945	6,273
Regulatory and transfer agent fees		2,027	1,811	9,918	8,169
Rent		7,352	7,085	20,559	21,061
Travel and promotion		805	45	805	112
Wages and benefits		–	505	–	3,545
Loss before other item		(27,199)	(29,089)	(102,329)	(94,799)
Other item:					
Interest Income		–	7	–	392
Net and comprehensive loss		\$ (27,199)	\$ (29,082)	\$ (102,329)	\$ (94,407)
Loss per common share					
Basic and diluted		\$ (0.001)	\$ (0.002)	\$ (0.005)	\$ (0.005)
Weighted average number of common shares outstanding					
Basic and diluted		20,026,663	20,026,663	20,026,663	20,026,663

The accompanying notes form an integral part of these condensed interim financial statements.

## AFRASIA MINERAL FIELDS INC.

### Condensed Interim Statements of Cash Flows (Expressed in Canadian Dollars – Unaudited)

	Note	Three months ended February 28,		Nine months ended February 28,	
		2014	2013	2014	2013
Cash used in:					
Operating:					
Net loss and comprehensive loss		\$ (27,199)	\$ (29,082)	\$ (102,329)	\$ (94,407)
Item not involving cash:					
Amortization	4	219	389	1,291	1,168
Changes in non-cash working capital:					
Receivables		(997)	(745)	(786)	(3,399)
Trade payables and accrued liabilities		(11,925)	1,700	13,725	6,692
Due to related parties		39,169	11,760	69,835	35,280
		(733)	(15,978)	(18,264)	(54,666)
Change in cash and cash equivalents		(733)	(15,978)	(18,264)	(54,666)
Cash and cash equivalents, beginning		1,000	65,523	18,531	104,211
Cash and cash equivalents, ending		\$ 267	\$ 49,545	\$ 267	\$ 49,545

The accompanying notes form an integral part of these condensed interim financial statements.

# **AFRASIA MINERAL FIELDS INC.**

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Afrasia Mineral Fields Inc. ("Afrasia" or the "Company") was incorporated on June 24, 1986 under the laws of British Columbia. The Company was listed on the TSX Venture Exchange (the "Exchange") under the symbol "AFS" and on September 29, 2008 the Company's listing was transferred from the TSX-V to the NEX board of the TSX-V. Effectively, the trading symbol for the Company changed from "AFS" to AFS.H".

The Company's head office, principal address and records office is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered office is Suite 700-595 Burrard St., PO Box 49290, Vancouver, BC V7X 1S8.

On January 11, 2013, the Company entered into a Letter of Intent, with CareCorp Holdings BC Ltd. ("CareCorp"), a private company that provides care services for seniors residing in long-term nursing homes. CareCorp's business activities are carried out by CareCorp and two related private companies. However, the Letter of Intent terminated as both parties were unable to negotiate and enter into a definitive agreement by February 28, 2013, the expiry date.

On April 7, 2014, the Company entered into a Letter of Intent (the "LOI") with Wmode Inc. ("Wmode") which is an arms' length private company incorporated under the laws of Alberta. Wmode is a leading technology and service company in the connected device, mobile and app-ecosystem sector. Further discussion of the proposed transaction has been disclosed in Note 10.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. To date, the Company has not generated any significant revenues and has not raised funds in the last twelve months. The Company has an accumulated deficit of \$8,725,648 including a loss for the nine months ended February 28, 2014 of \$102,329 (2013 - \$94,407). These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of asset and liabilities which might be necessary should the Company be unable to continue in existence.

The Company has never paid dividends.

## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The interim financial statements were authorized for issue on April 24, 2014 by the directors of the Company.

### **Statement of compliance and conversion to International Financial Reporting Standards ("IFRS")**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these interim financial statements comply with International Accounting Standards ("IAS") 34 "Interim Financial Reporting".

### ***Basis of presentation***

The condensed interim financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.



# AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian Dollars - Unaudited)  
February 28, 2014

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

### *Significant accounting judgements, estimates and assumptions*

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The recognition of deferred tax assets and liabilities.
- ii) The recoverability of receivables and prepayments those are included in the statements of financial position.
- iii) The estimated useful lives of property and equipment which are included in the statements of financial position and the related depreciation included in the statements of comprehensive loss.

### *Accounting changes and new accounting pronouncements*

The following new and revised standards and amendments were issued and effective January 1, 2013:

- a) IFRS 10 – Consolidated Financial Statements;
- b) IFRS 11 – Joint Arrangements;
- c) IFRS 12 – Disclosure of interests in other entities;
- d) IFRS 13 – Fair Value Measurement;
- e) IAS 1 Amendment - Presentation of Items of Other Comprehensive Income; and
- f) IAS 19R – Employee Benefits

The new accounting pronouncements did not have an impact on the Company's financial statements and did not result in any adjustments.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 3. RECEIVABLES

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	February 28, 2014	May 31, 2013
Government Sales Tax credits	\$ 13,854	\$ 13,056
Other receivables (Note 7(c))	222	234
	\$ 14,076	\$ 13,290

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## AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

### 4. PROPERTY AND EQUIPMENT

	Computer	Equipment	Furniture	Leasehold improvements	Total
<b>Cost:</b>					
At May 31, 2013 and February 28, 2014	\$ 2,350	\$ 5,063	\$ 1,772	\$ 2,308	\$ 11,493
<b>Amortization:</b>					
At May 31, 2013	\$ 1,583	\$ 4,701	\$ 1,504	\$ 693	\$ 8,481
Amortization	316	362	268	345	1,291
At February 28, 2014	\$ 1,899	\$ 5,063	\$ 1,772	\$ 1,038	\$ 9,772
<b>Net book value:</b>					
At May 31, 2013	\$ 767	\$ 362	\$ 268	\$ 1,615	\$ 3,012
At February 28, 2014	\$ 451	\$ –	\$ –	\$ 1,270	\$ 1,721

### 5. TRADE PAYABLES AND ACCRUED LIABILITIES

	February 28, 2014	May 31, 2013
Trade payables	\$ 28,706	\$ 480
Accrued liabilities	–	14,501
	\$ 28,706	\$ 14,981

### 6. SHARE CAPITAL AND RESERVES

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued – common shares

There were no share issuances during the periods ended February 28, 2014 and May 31, 2013.

#### (c) Share options

The Company maintains a 10% rolling share option plan (the “Plan”) that enables management to grant options to directors, officers, employees and other service providers. The Company follows the Exchange policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

There were no options granted or outstanding at February 28, 2014 and May 31, 2013.

## AFRASIA MINERAL FIELDS INC.

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

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### 7. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. Key management personnel compensation comprised:

Nine months ended February 28,	2014	2013
Management services (a)	\$ 22,500	\$ 22,500

(a) On February 1, 2009, the Company entered into a management and administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by two common directors, whereby the Company agreed to pay management and administrative fees of \$2,500 and \$3,000 per month, respectively.

During the period ended February 28, 2014, the Company incurred \$22,500 (2013 – \$22,500) for management fees and \$27,000 (2013 – \$27,000) for administrative fees to VCC. As at February 28, 2014, \$137,445 (May 31, 2013 - \$89,670) was due to VCC for management and administrative fees. VCC also provided an operating loan of \$21,000 to the Company recorded in due to related parties. The loan is unsecured, non interest bearing and has no fixed terms of repayment.

(b) As at February 28, 2014, \$1,204 (May 31, 2013 - \$Nil) was due to a director of the Company for reimbursement of business expenses.

(c) As at February 28, 2014, a total of \$222 (May 31, 2013 - \$234) was due from companies with directors and officers in common. The amounts resulted from recovery of expenses, were included in accounts receivable and collected subsequent to February 28, 2014.

### 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At February 28, 2014 and May 31, 2013, the Company's financial instruments consist of cash, receivables, trade payables and accrued liabilities and due to related parties. There were no transfers between levels during the period ended February 28, 2014.

Cash are carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

#### Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. As a majority of the Company's cash is held by a Canadian bank, there is a concentration of credit risk with one bank in Canada. While there is concentration of risk holding all funds with one institution, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As at February 28, 2014, the Company has cash on hand of \$267. Management assesses credit risk of cash as low.

The Company's secondary exposure to credit risk is on its receivables, which consist of refundable government sales taxes of \$13,854 and amounts due from related parties of \$222. The Company would be able to claim input tax credits on sales taxes only after it pays associated outstanding trade payables and amounts due to related parties.

## **AFRASIA MINERAL FIELDS INC.**

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

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### **8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)**

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

#### *Interest rate risk*

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

#### *Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. As at February 28, 2014, the Company had a working capital deficiency of \$173,595 (May 31, 2013 – \$(72,557)). The Company has been successful in re-negotiating its indebtedness, however, there is no assurance the success of these efforts will continue.

### **9. CAPITAL DISCLOSURE**

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements.

### **10. SUBSEQUENT EVENT**

On April 7, 2014, the Company announced that it has entered into the LOI with Wmode, the arms' length private company incorporated under the laws of Alberta. It is contemplated that Wmode and Afrasia will enter into a business combination by way of a three corner amalgamation or plan of arrangement in a reverse take-over transaction (the "RTO"), which will result in Wmode becoming a wholly-owned subsidiary of Afrasia or otherwise combining its corporate existence with a wholly-owned Alberta incorporated subsidiary of Afrasia. The formal structure of the RTO is still subject to confirmation as the parties consider corporate, tax and securities law considerations applicable to the RTO. Once the structure is determined, the LOI will be superseded by a definitive agreement between Afrasia and Wmode, and parties will announce the signing of such definitive agreement and its general terms by news release.

Founded in 2000, Wmode is headquartered in Calgary, Alberta, Canada with offices in Toronto, Paris, San Francisco and Bern. In 2011, Wmode launched AppCarousel, which operates out of the San Francisco office.

Wmode is a leading technology and service company in the connected device, mobile and app-ecosystem sector. Wmode provides technology and operates a comprehensive suite of managed services for the recruitment, development, management, discovery, delivery and payment of mobile apps, content, and consumer services. Wmode has been providing services to large telecommunication device manufacturers and enterprise companies with mobile software services since 2001.

## **AFRASIA MINERAL FIELDS INC.**

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

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### **10. SUBSEQUENT EVENT (cont'd)**

As part of and prior to closing the RTO, Afrasia anticipates a consolidation of its issued and outstanding securities on a ten (10) old for one (1) new basis, changing its name to Wmode Corp. or such other name that may be acceptable to applicable regulatory authorities and continuing its jurisdiction of incorporation into Alberta. Afrasia anticipates that upon completion of the RTO the Resulting Issuer will graduate from NEX to Tier 1 of the Exchange as a Technology issuer.

Following the consolidation, Afrasia will have 2,002,666 common shares issued and outstanding (the "Afrasia Shares"). Wmode has 63,555,079 Class A common voting shares (collectively, the "Wmode Shares") issued and outstanding and 19,323,628 securities exercisable or exchangeable for, or convertible into, or other rights to acquire 19,323,628 Wmode Shares.

Prior to the closing of the RTO, Wmode proposes to complete a prospectus exempt private placement (the "First Wmode Placement"), of a gross amount of not less than \$1,000,000 and up to \$2,140,000, through the issuance of up to 7,642,857 units (the "Units"), each Unit consisting of one previously unissued Wmode Class A common share and one special warrant (a "Special Warrant") of Wmode at a price of \$0.28 per Unit. Each Special Warrant will automatically convert, for no additional consideration and no further action by the holder, into 0.2 of a Wmode share if Wmode does not become a publicly traded issuer (the "Going Public Event") on or before the date which is nine (9) months from the closing of the first tranche of the First Wmode Private Placement (the "Going Public Deadline"). If the Going Public Event is completed before the Going Public Deadline, then the Special Warrants will be automatically cancelled and have no further force and effect.

Prior to the closing of the RTO, Wmode proposes to complete a prospectus exempt private placement (the "Debt Conversion Placement") through the conversion of current debt in Wmode (up to \$465,000 plus interest) into up to 1,708,397 Wmode Shares on the same terms and conditions as issued under First Wmode Placement.

Immediately prior to the closing of the Transaction, Wmode proposes to complete a second prospectus exempt private placement (the "Second Wmode Placement"), of a gross amount of up to \$3,210,000, through the issuance of up to 8,582,888 Wmode Class A common shares at a minimum offering price of \$0.374 per share.

Wmode has engaged Canaccord Genuity Corp. to act as agent to conduct the above private placements on a commercially reasonable efforts basis.

Pursuant to the RTO, Afrasia Shares will be issued to the holders of Wmode Shares in exchange for all of the issued and outstanding Wmode Shares on the basis of 0.4675 Afrasia Share(s) for each Wmode Share (the "Exchange Ratio"). Assuming full completion of the Debt Conversion Placement and the First and Second Wmode Private Placements (collectively the "Financings"), there will be 82,900,413 Wmode Shares issued and outstanding on an undiluted basis. On completion of the RTO based on the Exchange Ratio this represents 38,755,943 common shares or 95% of the Resulting Issuer. As a result of the Transaction, the Wmode Shares underlying Wmode's outstanding securities exercisable or exchangeable for, or convertible into, or other rights to acquire Wmode Shares will be exercisable into Afrasia Shares on the same terms and conditions as such original outstanding Wmode securities (subject to adjustment as provided in the agreements that govern such securities or rights or as otherwise agreed to by the applicable parties to such agreements).

## **AFRASIA MINERAL FIELDS INC.**

Notes to Condensed Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

February 28, 2014

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### **10. SUBSEQUENT EVENT (cont'd)**

In accordance with Exchange policies, Afrasia's common shares are currently halted from trading and will remain so until certain documentation required by the Exchange for the RTO can be provided to the Exchange. The Afrasia common shares may resume trading, following the Exchange's review of the required documentation, or the shares may remain halted until completion of the RTO.

Completion of the consolidation and the RTO is conditional upon, among other things, receipt of all required regulatory and shareholder approvals, the negotiation and execution of definitive documentation and the completion of the financings.

Completion of the RTO is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The RTO cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.