

# **TOP STRIKE RESOURCES CORP.**

**(Formerly “Colossal Resources Corp.”)**

(A Development Stage Company)

**Condensed Interim Financial Statements (unaudited)**

**Nine months ended January 31, 2014 and 2013**

(Expressed in Canadian Dollars)

## **Notice**

Top Strike Resources’ auditors, K.R. Margetson Ltd., have not reviewed the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(unaudited)

As at	Notes	January 31, 2014	April 30, 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 248,658	\$ 319,448
Receivables		1,780	15,619
Prepays		833	833
Total current assets		251,271	335,900
Equipment		-	210
<b>TOTAL ASSETS</b>		<b>\$ 251,271</b>	<b>\$ 336,110</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 22,263	\$ 41,238
<b>TOTAL LIABILITIES</b>		<b>22,263</b>	<b>41,238</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital		17,757,383	17,757,383
Warrants		-	29,781
Contributed surplus		29,781	-
Deficit		(17,558,156)	(17,492,292)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>229,008</b>	<b>294,872</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 251,271</b>	<b>\$ 336,110</b>

**Nature and continuance of operations** (Note 1)

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(unaudited)

	<b>Three Months Ended January 31</b>		<b>Nine Months Ended January 31</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Expenses</b>				
Consulting	\$ 16,250	\$ 6,250	\$ 48,750	\$ 13,343
Depreciation	-	105	210	105
Office and miscellaneous	33	683	160	1,174
Professional fees	1,586	10,204	10,182	27,943
Corporate communication	2,129	11,433	7,643	18,513
	<b>19,998</b>	<b>28,675</b>	<b>66,945</b>	<b>61,078</b>
<b>Other income</b>				
Finance income	630	397	1,081	397
	<b>630</b>	<b>397</b>	<b>1,081</b>	<b>397</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ 19,368</b>	<b>\$ 28,278</b>	<b>\$ 65,864</b>	<b>\$ 60,681</b>
<b>Basic and diluted loss per share (Note 5)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>16,431,428</b>	<b>14,433,954</b>	<b>16,431,428</b>	<b>12,916,493</b>

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Condensed Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

(unaudited)

	Shares outstanding	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
<b>Balance at May 1,</b>						
<b>2013</b>	<b>16,431,428</b>	<b>\$ 17,757,383</b>	<b>\$ 29,781</b>	<b>\$ -</b>	<b>\$ (17,492,292)</b>	<b>\$ 294,872</b>
Expiry of warrants	-	-	(29,781)	29,781	-	-
Comprehensive loss for the period	-	-	-	-	(65,864)	(65,864)
<b>Balance at January 31,</b>						
<b>2014</b>	<b>16,431,428</b>	<b>\$ 17,757,383</b>	<b>\$ -</b>	<b>\$ 29,781</b>	<b>\$ (17,558,156)</b>	<b>\$ 229,008</b>

  

<b>Balance at May 1,</b>						
<b>2012</b>	12,157,762	\$ 17,295,005	\$ -	\$ -	\$ (17,407,621)	\$ (112,616)
Comprehensive loss for the period	-	-	-	-	(60,681)	(60,681)
Issue of share capital	4,273,666	462,378	29,781	-	-	492,159
<b>Balance at January 31,</b>						
<b>2013</b>	16,431,428	\$ 17,757,383	\$ 29,781	\$ -	\$ (17,468,302)	\$ 318,862

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

	<b>Three months Ended January 31 2014</b>		<b>Nine months Ended January 31 2014</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (19,368)	\$ (28,278)	\$ (65,864)	\$ (60,681)
Non-cash items:				
Depreciation	-	105	210	105
Changes in non-cash working capital items:				
Receivables	(15)	(3,717)	13,839	(6,645)
Prepays	-	-	-	-
Accounts payable and accrued liabilities	(6,671)	27,275	(18,975)	43,945
Net cash used in operating activities	(26,054)	(4,615)	(70,790)	(23,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of common share units, net of issuance costs	-	492,159	-	492,159
Repayment of loans payable	-	(50,046)	-	(31,586)
Net cash provided by financing activities	-	433,113	-	460,573
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Equipment expenditures	-	-	-	(420)
Net cash used in investing activities	-	-	-	(420)
<b>Change in cash and cash equivalents for the period</b>	<b>(26,054)</b>	<b>428,498</b>	<b>(70,790)</b>	<b>436,877</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>274,712</b>	<b>8,695</b>	<b>319,448</b>	<b>316</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 248,658</b>	<b>\$ 437,193</b>	<b>\$ 248,658</b>	<b>\$ 437,193</b>

See accompanying notes to the condensed interim financial statements.

# **TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(Expressed in Canadian Dollars)

(unaudited)

---

## **1. Nature and continuance of operations**

Top Strike Resources Corp. ("Top Strike" or the "Company") currently has no activity and to date has not earned significant revenues and is considered to be in the development stage. The Company has evaluated several oil and gas opportunities, but has not reached the point where the Company can enter into a binding letter of intent. The Company is focused on international oil and gas projects but also considers domestic oil and gas opportunities.

The Company changed its trading name and symbol effective December 13, 2012, from Colossal Resources Corp. ("CIA.H") and now trades under the symbol "TSR.H" on the NEX board, which is a separate board of the TSX Venture Exchange. The Company's principal place of business is located in Calgary, Alberta. The address of the Company's registered office is 4600 Eighth Avenue Place East, 525 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 1G1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Although the Company had working capital of \$229,008 as at January 31, 2014 (April 30, 2013 - \$294,662), it had not generated any revenues and had incurred losses of \$17,558,156 (April 30, 2013 - \$17,492,292) which creates doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

## **2. Basis of presentation**

### **a. Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements. The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted. These condensed interim financial statements should be read in conjunction with the financial statements and notes thereto in the Company's annual filings for the year ended April 30, 2013.

The condensed interim financial statements were approved by the board of directors of Top Strike on March 25, 2014.

### **b. Use of estimates and judgements**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by the Top Strike's management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statement as at and for the year ended April 30, 2013.

### **c. Basis of measurement**

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention.

## **TOP STRIKE RESOURCES CORP.**

(Formerly “Colossal Resources Corp.”)

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(Expressed in Canadian Dollars)

(unaudited)

---

### **2. Basis of presentation (continued)**

#### **d. Functional currency**

The Canadian dollar is the Company’s functional currency and as such, these condensed interim financial statements have been reported on a Canadian dollar basis.

### **3. Summary of significant accounting policies**

These condensed interim financial statements have been prepared using the same accounting policies, and methods of computation as the most recent annual audited financial statements, except for the changes noted below:

#### **Changes in accounting policies**

There have been no changes in accounting policies in the nine months ended January 31, 2014.

Effective May 1, 2013, the Company has adopted the following accounting standards or revisions thereto:

*IFRS 7, Financial Instruments – Disclosures*

*IFRS 10, Consolidated Financial Statements*

*IFRS 11, Joint Arrangements*

*IFRS 12, Disclosure of Interests in Other Entities*

*IFRS 13, Fair Value Measurement*

The adoption of these new standards has had no impact on the recognition or measurement of amounts recorded in Top Strike’s condensed interim financial statements.

The Company has reviewed the disclosure requirements of IFRS 7 and noted that there are no minimum disclosure requirements for condensed interim financial statements prepared in accordance with IAS 34.

The Company has no joint arrangements currently pursuant to IFRS 11.

The Company has reviewed the disclosure requirements of IFRS 12 and noted that there are no minimum disclosure requirements for condensed interim financial statements prepared in accordance with IAS 34. The Company has no unconsolidated structured entities.

The minimum disclosure requirements of IFRS 13 have been included in Note 4 below.

### **4. Determination of fair values**

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Notes payable are recorded initially at cost, and subsequently amortized, reflecting debt discounts or premiums where interest rates negotiated with third parties differ from estimated market rates, which in management’s opinion, reflects their estimated fair value.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

## **TOP STRIKE RESOURCES CORP.**

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(Expressed in Canadian Dollars)

(unaudited)

---

### **4. Determination of fair values (continued)**

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into three categories based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that an entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs that are unobservable for the asset or liability.

Top Strike did not have any financial instruments in Level 2 or 3. There were no transfers between Levels 1 and 2 in the period.

### **5. Loss per share**

Loss per share is calculated based on net loss and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the periods presented and therefore any addition to basic shares outstanding is anti-dilutive.

At January 31, 2014, there were nil warrants (January 31, 2013 – 2,136,833) considered anti-dilutive.

### **6. Related party transactions**

The Company paid or accrued consulting fees of \$3,750 (January 31, 2013 - \$3,750) to a company controlled by a director of the Company, paid or accrued accounting fees of \$5,063 (January 31, 2013 - \$nil) to a company controlled by an officer of the Company, paid or accrued consulting fees of \$45,000 (January 31, 2013 - \$5,000) to a company controlled by another director and officer of the Company, and paid or accrued legal fees of \$4,119 (January 31, 2013 - \$48,615) to a legal firm of which a director of the Company is a partner. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at January 31, 2014, accounts payable and accrued liabilities included amounts payable to related parties totaling \$20,002 (January 31, 2013 - \$57,398) for consulting, accounting and legal fees, including GST.

During the nine months ended January 31, 2013, the Company borrowed and repaid \$9,987 from an officer and director of the Company. The amount was due on demand and was non-interest bearing.

### **7. Financial risk management**

As at January 31, 2014, the carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities, and loans payable approximate their fair values due to their short terms to maturity.



## TOP STRIKE RESOURCES CORP.

(Formerly "Colossal Resources Corp.")

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(Expressed in Canadian Dollars)

(unaudited)

---

### 7. Financial risk management (continued)

#### Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

##### *Credit risk*

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of a chequing account and guaranteed investment certificate at a reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies and a chartered bank. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions and for receivables by standard credit checks. At January 31, 2014, the Company's exposure to credit risk is minimal.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at January 31, 2014, the Company had a cash and cash equivalents balance of \$248,658 (April 30, 2013 - \$319,448) to settle current liabilities of \$22,263 (April 30, 2013 - \$41,238).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### a) Interest risk

The Company has cash balances. 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. As of January 31, 2014, the Company had \$200,000 in investment-grade short-term deposit certificates plus accrued interest of \$1,007. The Company's loans payable were non-interest bearing, and as such, the Company was not exposed to interest rate risk on its loans payable.

#### b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

**TOP STRIKE RESOURCES CORP.**

(Formerly “Colossal Resources Corp.”)

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2014 and 2013

(Expressed in Canadian Dollars)

(unaudited)

---

**7. Financial risk management (continued)****c) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.