

# **TOP STRIKE RESOURCES CORP.**

**Condensed Interim Financial Statements (unaudited)**

**Nine months ended January 31, 2015 and 2014**

(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.**

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(unaudited)

As at	Notes	January 31 2015	April 30 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 186,206	\$ 232,386
Receivables		2,216	2,553
Prepays		833	833
		<b>189,255</b>	<b>235,772</b>
<b>TOTAL ASSETS</b>			
		<b>\$ 189,255</b>	<b>\$ 235,772</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,958	\$ 42,017
		<b>1,958</b>	<b>42,017</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital		17,757,383	17,757,383
Contributed surplus		33,256	29,781
Deficit		(17,603,342)	(17,593,409)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>187,297</b>	<b>193,755</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
		<b>\$ 189,255</b>	<b>\$ 235,772</b>

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

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

## 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>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>				
Consulting	\$ -	\$ 16,250	\$ 1,603	\$ 48,750
Depreciation	-	-	-	210
Office and miscellaneous	-	33	17	160
Professional fees	2,555	1,586	5,205	10,182
Share-based compensation	3,475	-	3,475	-
Corporate communication	(2,950)	2,129	1,415	7,643
	<b>3,080</b>	<b>19,998</b>	<b>11,715</b>	<b>66,945</b>
<b>Other income</b>				
Finance income	522	630	1,782	1,081
	<b>522</b>	<b>630</b>	<b>1,782</b>	<b>1,081</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ 2,558</b>	<b>\$ 19,368</b>	<b>\$ 9,933</b>	<b>\$ 65,864</b>
<b>Loss per share (Note 3b)</b>				
Basic & diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Weighted average number of common shares outstanding</b>				
Basic & diluted	<b>16,431,428</b>	<b>16,431,428</b>	<b>16,431,428</b>	<b>16,431,428</b>

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

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>2014</b>	<b>16,431,428</b>	<b>\$ 17,757,383</b>	<b>\$ -</b>	<b>\$ 29,781</b>	<b>\$ (17,593,409)</b>	<b>\$ 193,755</b>
Loss and comprehensive loss for the period	-	-	-	-	(9,933)	(9,933)
Share-based compensation expensed	-	-	-	3,475	-	3,475
<b>Balance at January 31,</b>						
<b>2015</b>	<b>16,431,428</b>	<b>\$ 17,757,383</b>	<b>\$ -</b>	<b>\$ 33,256</b>	<b>\$ (17,603,342)</b>	<b>\$ 187,297</b>
<b>Balance at May 1,</b>						
<b>2013</b>	16,431,428	\$ 17,757,383	\$ -	\$ 29,781	\$ (17,492,292)	\$ 294,872
Loss and comprehensive loss for the period	-	-	-	-	(65,864)	(65,864)
<b>Balance at January 31,</b>						
<b>2014</b>	16,431,428	\$ 17,757,383	\$ -	\$ 29,781	\$ (17,558,156)	\$ 229,008

See accompanying notes to the condensed interim financial statements.

**TOP STRIKE RESOURCES CORP.**

Condensed interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

	<b>Three months Ended January 31</b>		<b>Nine months Ended January 31</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (2,558)	\$ (19,368)	\$ (9,933)	\$ (65,864)
Non-cash items:				
Depreciation	-	-	-	210
Share-based compensation	3,475	-	3,475	-
Changes in non-cash working capital items:				
Receivables	1,426	(15)	337	13,839
Prepays	-	-	-	-
Accounts payable and accrued liabilities	(25,985)	(6,671)	(40,059)	(18,975)
Net cash used in operating activities	(23,642)	(26,054)	(46,180)	(70,790)
<b>Change in cash and cash equivalents for the period</b>	<b>(23,642)</b>	<b>(26,054)</b>	<b>(46,180)</b>	<b>(70,790)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>209,848</b>	<b>274,712</b>	<b>232,386</b>	<b>319,448</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 186,206</b>	<b>\$ 248,658</b>	<b>\$ 186,206</b>	<b>\$ 248,658</b>

See accompanying notes to the condensed interim financial statements.

## **TOP STRIKE RESOURCES CORP.**

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2015 and 2014

(Expressed in Canadian Dollars)

(unaudited)

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### **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. 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 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 \$187,297 as at January 31, 2015 (April 30, 2014 - \$193,755), it had not generated any revenues and had incurred losses of \$17,603,342 (April 30, 2014 - \$17,593,409) 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, 2014.

The condensed interim consolidated financial statements were approved by the board of directors of Top Strike on March 3, 2015.

#### **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 statements as at and for the year ended April 30, 2014.

#### **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.**

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2015 and 2014

(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. Share capital****a. Authorized**

Unlimited number of common shares with no par value.

**b. Share-based compensation – stock options**

The Company has a share option plan for directors, officers, employees and consultants of the Company whereby share options representing up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. Share options are granted for a term of three to five years and vest immediately. The exercise price of each option equals no less than the market price of the Company's common shares on the date of the grant.

The Company accounts for share-based compensation granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model to determine the fair value of the plan at grant date. Stock-based compensation expense is recorded and reflected as stock-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus.

A summary of stock option activity is presented below:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding at April 30, 2014	-	\$ -
Granted	<b>900,000</b>	<b>0.10</b>
<b>Outstanding at January 31, 2015</b>	<b>900,000</b>	<b>\$ 0.10</b>
<b>Exercisable at January 31, 2015</b>	<b>900,000</b>	<b>\$ 0.10</b>

The fair value of options granted were estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting values:

<b>For the period ended</b>	<b>January 31 2015</b>
Assumptions:	
Risk free interest rate (%)	<b>1.21%</b>
Expected life (years)	<b>5 yrs</b>
Expected volatility (%) <sup>(1)</sup>	<b>100%</b>
Estimated forfeiture rate (%)	<b>0%</b>
<b>Weighted average fair value of options granted</b>	<b>\$0.0039</b>
<b>Weighted average share price on date of grant</b>	<b>\$0.01</b>

(1) Expected volatility is estimated by considering historic average share price volatility for the Company and similar companies.

The fair value of stock options granted during the period ended January 31, 2015 was \$3,475. The options granted vested immediately.

**TOP STRIKE RESOURCES CORP.**

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2015 and 2014

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**3. Share capital (continued)**

## c. Per share amounts

Basic loss per share is calculated based on loss and the weighted-average number of common shares outstanding.

(\$000s)	Three months ended January 31		Nine months ended January 31	
	2015	2014	2015	2014
<b>Loss for the period</b>	<b>\$ 2,558</b>	\$ 19,368	<b>\$ 9,933</b>	\$ 65,864
Weighted average number of common shares (basic and diluted)	<b>16,431,428</b>	16,431,428	<b>16,431,428</b>	16,431,428
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	\$ 0.00	<b>\$ 0.00</b>	\$ 0.00

At January 31, 2015, there were 900,000 (April 30, 2014 – nil) stock options considered anti-dilutive.

**4. Related party transactions**

The Company paid or accrued consulting fees of \$1,603 (January 31, 2014 - \$3,750) to a company controlled by a former director of the Company, paid or accrued accounting fees of \$3,925 (January 31, 2014 - \$5,063) to a company controlled by an officer of the Company, paid or accrued consulting fees of \$nil (January 31, 2014 - \$45,000) to a company controlled by a director and officer of the Company, and paid or accrued legal fees of \$1,280 (January 31, 2014 - \$4,119) to a legal firm of which a former 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, 2015, accounts payable and accrued liabilities included amounts payable to related or former related parties totaling \$1,200 (January 31, 2014 - \$20,002) for consulting, accounting and legal fees, including GST.

**5. Financial risk management**

As at January 31, 2015, the carrying values of cash, receivables and accounts payable and accrued liabilities, and loans payable approximate their fair values due to their short terms to maturity.

**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, 2015, the Company's exposure to credit risk is minimal.



## TOP STRIKE RESOURCES CORP.

Notes to Condensed Interim Financial Statements

For the three and nine months ended January 31, 2015 and 2014

(Expressed in Canadian Dollars)

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### 5. Financial risk management (continued)

#### *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, 2015, the Company had a cash and cash equivalents balance of \$186,206 (April 30, 2014 - \$232,386) to settle current liabilities of \$1,958 (April 30, 2014 - \$42,017).

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 institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank. As of January 31, 2015, the Company had \$180,000 in investment-grade short-term deposit certificates plus accrued interest of \$261.

##### 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.

##### 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.