

TOP STRIKE RESOURCES CORP.

Audited Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

K. R. MARGETSON LTD.

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Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Top Strike Resources Corp.:

We have audited the accompanying financial statements of Top Strike Resources Corp., which comprise the statements of financial position as at April 30, 2015 and April 30, 2014 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended April 30, 2015 and 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Top Strike Resources Corp. as at April 30, 2015 and April 30, 2014 and its financial performance and its cash flows for the years ended April 30, 2015 and 2014 in accordance with International Financial Reporting Standards.

"K.R. MARGETSON LTD."

Chartered Accountants

Vancouver, Canada
August 27, 2015

TOP STRIKE RESOURCES CORP.

Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	April 30 2015	April 30 2014
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 183,095	\$ 232,386
Other receivables		2,113	2,553
Prepays		833	833
		186,041	235,772
TOTAL ASSETS		\$ 186,041	\$ 235,772
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 9,195	\$ 42,017
TOTAL LIABILITIES		9,195	42,017
SHAREHOLDERS' EQUITY			
Share capital	7(b)	17,757,383	17,757,383
Contributed surplus		33,256	29,781
Deficit		(17,613,793)	(17,593,409)
TOTAL SHAREHOLDERS' EQUITY		176,846	193,755
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 186,041	\$ 235,772

Nature and continuance of operations (Note 1)

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

<u>"David Safton"</u>	Director	<u>"Dale Styner"</u>	Director
David Safton		Dale Styner	

TOP STRIKE RESOURCES CORP.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended April 30	Notes	2015	2014
Expenses			
Consulting	\$	1,603	\$ 45,000
Depreciation		-	210
Share-based compensation	7(d)	3,475	-
Office and miscellaneous		17	211
Professional fees		14,317	35,532
Corporate communication		3,259	21,855
		22,671	102,808
Other income			
Finance income		2,287	1,691
		2,287	1,691
Loss and comprehensive loss for the year	\$	20,384	\$ 101,117
Loss per common share			
Basic and diluted	7(e) \$	0.00	0.01
Weighted average number of common shares outstanding			
Basic and diluted		16,431,428	16,431,428

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Shares outstanding	Share capital	Warrants	Contributed surplus	Deficit	Total shareholders' equity
Balance at May 1,						
2014	16,431,428	\$ 17,757,383	\$ -	\$ 29,781	\$ (17,593,409)	\$ 193,755
Loss and comprehensive loss for the year	-	-	-	-	(20,384)	(20,384)
Share-based compensation	-	-	-	3,475	-	3,475
Balance at April 30,						
2015	16,431,428	\$ 17,757,383	\$ -	\$ 33,256	\$ (17,613,793)	\$ 176,846

Balance at May 1,						
2013	16,431,428	\$ 17,757,383	\$ 29,781	\$ -	\$ (17,492,292)	\$ 294,872
Expiry of warrants			(29,781)	29,781		-
Loss and comprehensive loss for the year	-	-	-	-	(101,117)	(101,117)
Balance at April 30,						
2014	16,431,428	\$ 17,757,383	\$ -	\$ 29,781	\$ (17,593,409)	\$ 193,755

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended April 30	2015	2014
Operating activities		
Net loss for the year	\$ (20,384)	\$ (101,117)
Non-cash items:		
Depreciation	-	210
Share-based compensation	3,475	-
Changes in non-cash working capital:		
Other receivables	440	13,066
Accounts payable and accrued liabilities	(32,822)	779
Net cash used in operating activities	(49,291)	(87,062)
Change in cash and cash equivalents for the year	(49,291)	(87,062)
Cash and cash equivalents, beginning of year	232,386	319,448
Cash and cash equivalents, end of year	\$ 183,095	\$ 232,386

Supplementary disclosures

Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Top Strike Resources Corp. (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 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 Suite 1000, Livingston Place West, 250 2nd Street SW, Calgary, Alberta, T2P 0C1.

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 \$176,846 as at April 30, 2015 (2014 - \$193,755), it had not generated any revenues and had incurred losses of \$17,613,793 (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 preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements were approved and authorized for issuance by the Board of Directors on August 27, 2015.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis.

c) Functional and presentation currency

The Company's presentation currency is Canadian dollars. The functional currency of the Company is Canadian dollars.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and cashable guaranteed investment certificates.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

b) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax “risk-free” rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense. Provisions are not recognized for future operating losses.

Decommissioning and restoration liabilities:

The Company’s activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management’s best estimate of the expenditures required to settle the present obligation at the period end date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

c) Equipment

Equipment is recorded at cost and is depreciated over its estimated useful lives as follows:

Computer equipment	30% declining balance
Computer software	one-year straight line

d) Oil and natural gas exploration and evaluation expenditures

Exploration and evaluation costs

All costs incurred prior to obtaining the legal right to explore an area are expensed when incurred.

Generally, costs directly associated with the exploration and evaluation of crude oil and natural gas reserves are initially capitalized (“E&E” assets). Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been demonstrated. These costs generally include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, drilling and completion costs and capitalized decommissioning costs.

Costs are held in exploration and evaluation until the technical feasibility and commercial viability of the project is established. Amounts are generally reclassified to petroleum and natural gas properties once probable reserves have been assigned to the field. If probable reserves have not been established through the completion of exploration and evaluation activities and there are no future plans for activity in that field, then the exploration and evaluation expenditures are determined to be impaired and the amounts are charged to profit or loss.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

e) Petroleum and natural gas properties

Carrying value

Costs incurred subsequent to the determination of technical feasibility and commercial viability are recognized as petroleum and natural gas properties in the specific asset to which they relate. Petroleum and natural gas properties are stated at cost less accumulated depreciation and depletion and accumulated impairment losses. The initial cost of a petroleum and natural gas property is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given up to acquire the asset.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets are depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. For purposes of these calculations, production and reserves of natural gas are converted to barrels on an energy equivalent basis.

Other assets are depreciated on a declining basis at rates ranging from 20% to 30%.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized as separate line items in profit or loss.

f) Impairment

E&E assets and Petroleum and Natural Gas Properties

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to development and production assets. For the purpose of impairment testing, E&E assets are grouped by concession or field with other E&E assets belonging to the same concession or field. The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment grouping and any resulting impairment loss is recognized in profit or loss. Recoverable amount is determined as the higher of the value in use or fair value less costs to sell.

At the end of each reporting period, the Company reviews the petroleum and natural gas properties for circumstances that indicate that the assets may be impaired. Assets are grouped together into cash generating units ("CGUs") for the purpose of impairment testing, which is the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

assets. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less selling costs and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down. Consideration is given to acquisition metrics or recent transactions completed on similar assets to those contained with the relevant CGU.

When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified based on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU(s). The impairment loss is recognized as an expense in profit or loss.

At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

g) Financial instruments

Financial assets and liabilities are classified as either financial assets or liabilities at fair value through profit and loss ("FVTPL"), loans and receivables, held to maturity investments, available for sale financial assets, or other liabilities, as appropriate. Financial assets and liabilities are recognized initially at fair value.

Subsequent measurement of financial instruments is based on their initial classification. FVTPL financial assets and liabilities are measured at fair value and changes in fair value are recognized in profit or loss. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive loss until the instrument is derecognized or impaired. The remaining categories of financial instruments are recognized at amortized cost using the effective interest rate method.

The transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability classified as FVTPL are expensed immediately. For a financial asset or financial liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the asset or liability are added to or deducted from the fair value on initial recognition and amortized through profit or loss income over the term of the financial instrument.

(i) *Non-derivative financial instruments*

Cash and cash equivalents, as well as accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(ii) *Derivative financial instruments*

The Company may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments will not be used for trading or speculative purposes. The Company will not designate its financial derivative contracts as effective accounting hedges and therefore will not apply hedge accounting, even though the Company considers all commodity contracts to be economic hedges. As a result, all derivative contracts will be classified as FVTPL and will be recorded on the statement of financial position at fair value. Transaction costs will be recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives will be measured at fair value, and changes therein will be recognized immediately in profit or loss.

The Company may enter into physical delivery sales contracts for the purposes of receipt or delivery of nonfinancial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and will not be recorded at fair value on the statement of financial position. Settlements on these physical delivery contracts will be recognized in petroleum and natural gas revenue in the period of settlement.

Fair value

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the valuation date. For financial instruments that have no active market, fair value is determined using valuation techniques including the use of recent arm's length market transactions, reference to the current market value of equivalent financial instruments and discounted cash flow analysis.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

h) Foreign currency translation:

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. For the accounts of foreign operations, assets and liabilities are translated at period end exchange rates, while revenues and expenses are translated using average rates over the period. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive income, a component of equity. Foreign currency transactions are translated into the legal entity's functional currency at the exchange rate in effect at the transaction; and any gains or losses are recorded in profit or loss.

i) Share-based compensation:

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. An estimated forfeiture rate is incorporated into the fair value calculated and adjusted to reflect the actual number of options that vest. Share-based compensation expense is recorded and reflected as share-based compensation expense over the vesting period with a corresponding amount reflected in contributed surplus. At exercise, the associated amounts previously recorded as contributed surplus are reclassified to common share capital.

j) Revenue recognition:

Revenue from the sale of natural gas, natural gas liquids and crude oil is recognized when the significant risks and rewards of ownership is transferred, which is when title passes to the customer in accordance with the terms of the sales contract. This generally occurs when the product is physically transferred into a pipe, truck or other delivery mechanism.

k) Per share amounts:

Basic per share amounts are computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other dilutive instruments were exercised into common shares. The treasury stock method assumes that any proceeds upon the exercise of dilutive instruments, including remaining unamortized compensation costs, would be used to purchase common shares at the average market price of the common shares during the period.

l) Income taxes:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

TOP STRIKE RESOURCES CORP.

Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Deferred tax is recognized providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Finance income and expenses:

Finance income consists of interest earned on guaranteed investment certificates. Finance expenses include, bank fees on bank guarantees issued to regulatory bodies and accretion of the discount on decommissioning obligations.

n) Determination of fair value:

A number of the Company's accounting policies and disclosures required the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;

Level 2 – Valuations are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; including forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace; and

Level 3 – Inputs that are not based on observable data for the asset or liability.

Financial instruments comprise cash, cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the period.

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Fair values have been determined for measurement and disclosure purposes as follows:

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities

The fair values of these financial instruments approximate their carrying amounts due to their short term to maturity.

Share-based compensation

The fair value of stock options is measured using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

o) Adoption of new accounting policies:

The following new accounting policies were adopted as at April 30, 2015, both of which were applied retrospectively:

The IASB issued *International Financial Reporting Interpretations Committee Interpretation* ("IFRIC") 21, *Levies*. The IFRIC clarifies that an entity should recognize a liability for a levy when the activity that triggers payment occurs. The adoption of this interpretation had no impact on the Company's financial statements.

IAS 32 – Financial Instruments: Presentation, which clarifies the requirements for offsetting financial assets and liabilities. The amendments clarify when an entity has a legally enforceable right to offset and certain other requirements that are necessary to present a net financial asset or liability. There was no impact on the Company's financial statements on adoption of this standard.

p) New standards and interpretations not yet adopted:

Standards that are issued but not yet effective and that the Company reasonably expects to be applicable at a future date are listed below.

Accounting for acquisitions of interests in joint operations

In May 2014, the IASB issued amendments to *IFRS 11 Joint Arrangements* to clarify that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply all of the principles of business combinations accounting in *IFRS 3 Business Combinations*. Prospective application of this interpretation is effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The adoption of this amendment could impact the Company in the event that it invests in a new joint operation.

Disclosure initiative

In December 2014, the IASB issued narrow-focus amendments to *IAS 1 Presentation of Financial Statements* to clarify existing requirements relating to materiality, order of notes, subtotals, accounting policies and disaggregation. Retrospective application of this standard is effective for fiscal years beginning on or after January 1, 2016 with earlier application permitted. The adoption of this amended standard is not expected to have a material impact on the Company's disclosure.

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Revenue from contracts with customers

In May 2014, the IASB issued *IFRS 15 Revenue from Contracts with Customers*. It replaces existing revenue recognition guidance and provides a single, principles-based five-step model to be applied to all contracts with customers. Retrospective application of this standard was to be effective for fiscal years beginning on or after January 1, 2017, with earlier application permitted. On May 19, 2015, the IASB published the expected exposure draft aimed at deferring the effective date of *IFRS 15 Revenue from Contracts with Customers* to January 1, 2018. On July 22, 2015, the IASB confirmed its proposal to defer the effective date to January 1, 2018. The Company is currently assessing the impact of this standard.

Financial instruments: recognition and measurement

In July 2014, *IFRS 9 Financial Instruments* was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Company is currently assessing the impact of adopting this new standard.

4. Management judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recognition of deferred income tax assets

The recognition of deferred income tax Assets requires judgements regarding the likelihood and applicability of future income tax deductions. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and ability to apply income tax deductions.

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

4. Management judgements and estimates (continued)**Key sources of uncertainty**

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period which the change occurs.

Share-based payments

The Company measures the cost of its share-based payments to directors, officers, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The assumptions used in determining fair value include: share price, expected lives of the options, risk-free rates of return, share price volatility and the estimated forfeiture rate. Changes to assumptions may have a material impact on the amounts presented.

5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and cashable guaranteed investment certificates. Cash and cash equivalents at the end of the reporting period as shown in the statement of financial position are comprised of:

As at	April 30, 2015	April 30, 2014
Cash and bank balances	\$ 3,095	\$ 32,386
Guaranteed investment certificates	180,000	200,000
	<u>\$ 183,095</u>	<u>\$ 232,386</u>

6. Equipment**Cost**

Balance at April 30, 2013, 2014 and 2015	<u>\$ 420</u>
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Accumulated depreciation

Balance at April 30, 2013	\$ 210
Depreciation charge	210
Balance at April 30, 2014 and 2015	<u>\$ 420</u>

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

6. Equipment (continued)

Net book value

<u>Balance at April 30, 2014</u>	<u>\$</u>	<u>-</u>
<u>Balance at April 30, 2015</u>	<u>\$</u>	<u>-</u>

Equipment consists of accounting software.

7. Share capital

a) Authorized

Unlimited number of common shares with no par value.

b) Issued

	Number of shares	Amount
<u>Balance at April 30, 2014 and 2015</u>	<u>16,431,428</u>	<u>\$ 17,757,383</u>

c) 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:

	Number of options	Weighted Average Exercise Price
<u>Outstanding at April 30, 2014</u>	<u>-</u>	<u>\$ -</u>
<u>Granted</u>	<u>900,000</u>	<u>0.10</u>
<u>Outstanding at April 30, 2015</u>	<u>900,000</u>	<u>\$ 0.10</u>
<u>Exercisable at April 30, 2015</u>	<u>900,000</u>	<u>\$ 0.10</u>

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7. Share capital – continued

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:

Risk free interest rate (%)	1.21%
Expected life (years)	5 years
Expected volatility (%) ⁽¹⁾	100%
Estimated forfeiture rate (%)	0%
Weighted average fair value of options granted	\$0.0039
Weighted average share price on date of grant	\$0.10

(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 year ended April 30, 2015 was \$3,475. The options were granted to directors and/or officers on January 6, 2015 with a 5-year term, and vested immediately.

d) Warrants

	Number of warrants	Amount
Balance at April 30, 2013	2,136,833	29,781
Warrants expired	(2,136,833)	(29,781)
Balance at April 30, 2014 and 2015	-	\$ -

e) Per share amounts

Basic 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 years presented and therefore any addition to basic shares is anti-dilutive.

Year ended April 30	2015	2014
Loss for the year	\$ 20,384	\$ 101,117
Weighted average number of common shares (basic and diluted)	16,431,428	16,431,428
Basic and diluted loss per share	\$ 0.00	\$ 0.01

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

8. Compensation of key management personnel

The Company considers its directors and executives to be key management personnel. The key management personnel compensation is comprised of the following:

Year ended April 30	2015	2014
Consulting fees (including director's fees)	\$ 8,641	\$ 53,913
Share-based compensation	3,475	-
	\$ 12,116	\$ 53,913

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Years ended April 30, 2015 and 2014

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9. Related party transactions

During the year ended April 30, 2015, the Company paid or accrued consulting fees of \$1,603 (2014 - \$5,000) to a company controlled by a former director of the Company, paid or accrued accounting fees of \$7,038 (2014 - \$8,913) to a company controlled by an officer of the Company, paid or accrued consulting fees of \$nil (2014 - \$40,000) to a company controlled by another director and officer of the Company, and paid or accrued legal fees of \$1,280 (2014 - \$19,119) 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 April 30, 2015, accounts payable and accrued liabilities included amounts payable to related parties totaling \$3,000 (2014 - \$21,168) for consulting, accounting and legal fees.

10. Management of capital

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 development of mineral properties. 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 Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash balances and components of shareholders' equity (deficiency). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize on-going development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an on-going 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 year ended April 30, 2015. The Company is not subject to externally imposed capital requirements.

11. Financial risk management

As at April 30, 2015, the carrying values of cash and cash equivalents, receivables, 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

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

11. Financial risk management (continued)

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 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. 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 April 30, 2015, 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 April 30, 2015, the Company had a cash and cash equivalents balance of \$183,095 (2014 - \$232,386) to settle current liabilities of \$9,195 (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, a guaranteed investment certificate and had non-interest bearing loans payable. 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 April 30, 2015, the Company had \$180,000 in investment-grade short-term deposit certificates bearing an interest rate of 1.15%.

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.

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

12. Income taxes

a) Income tax reconciliation

The Company's income tax provision differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 25% (2014 – 25%) to the net loss before income taxes as follows:

	2015	2014
Loss before taxes	\$ 20,384	\$ 101,117
Expected income tax recovery	5,096	25,279
Share-based compensation	(869)	-
Unrecognized benefits from tax loss incurred during year but not recognized	(5,261)	(26,313)
Share issuance cost deductible for income tax	1,034	1,034
Income tax recovery	\$ -	\$ -

b) Exploration and development expenditures

The Company has undeducted exploration and development expenditures of approximately \$3.4 million, the benefit of which has not been reflected on these financial statements, which can be carried forward indefinitely to offset future taxable income.

c) Capital losses

The Company has capital losses of approximately \$0.9 million, the benefit of which has not been reflected in these financial statements, which can be carried forward indefinitely to offset future capital gains.

d) Temporary differences

A deferred income tax asset reflects the net effect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets based on the expected income tax rate of 27% (2014 – 25%) are noted below. A valuation allowance to eliminate the recognition of the benefits of these temporary differences has been recorded as management believes it is more likely than not that the benefits will never be utilized.

	2015	2014
Income tax effect of deductible temporary differences		
Exploration and development expenditures deductible for income tax in excess of net book value of mineral properties	\$ 913,937	\$ 846,238
Share issue costs	2,234	3,102
Non-capital losses carried forward	747,958	920,215
Capital losses carried forward	233,490	216,194
	1,897,619	1,985,748
Valuation allowance	(1,897,619)	(1,985,748)
Net recognized future tax asset	\$ -	\$ -

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Notes to Financial Statements

Years ended April 30, 2015 and 2014

(Expressed in Canadian Dollars)

12. Income taxes (continued)

e) Non-capital losses

The Company has accumulated non-capital losses carried forward for income tax purposes of approximately \$2.8 million, the benefit of which has not been reflected in these financial statements. These losses may be applied against future taxable income within the limitations prescribed by the Income Tax Act (Canada) and expire as follows:

		(\$000s)
2026	\$	802
2027		788
2028		432
2029		235
2030		203
2031		14
2032		81
2033		89
2034		105
2035		21
	\$	<u>2,770</u>