

**CURLEW LAKE RESOURCES INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JANUARY 31, 2013 and 2012**

**(Expressed in Canadian Dollars)**

**AMENDED and RESTATED**

**NOTICE TO READER**

The annual financial statements of Curlew Lake Resources Inc. for the year ended January 31, 2013 are being refiled to correct for the write-off of certain exploration and evaluation assets. See Notes 5 and 13.

There are no other changes to the financial statements and notes thereto. These revised financial statements replace and supersede the original financial statements previously filed on SEDAR on May 24, 2013.

## **Independent Auditor's Report**

### **To the Shareholders of Curlew Lake Resources Inc.**

We have audited the accompanying financial statements of Curlew Lake Resources Inc., which comprise the statements of financial position as at January 31, 2013 and January 31, 2012, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and 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.

#### **Auditor's 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 audits 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 the auditor's 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, the auditor considers 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, the financial statements present fairly, in all material respects, the financial position of Curlew Lake Resources Inc. as at January 31, 2013 and January 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### **Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Curlew Lake Resources Inc. to continue as a going concern.

#### **Other matter**

As discussed in Notes 5 and 13 to the financial statements management has determined that there was an impairment of the Fairydell Property indicated at January 31, 2013 which was not reflected. Adjustments have been made to exploration and evaluation assets, deficit, write-down of exploration and evaluation assets and net and comprehensive loss.

#### **"MacKay LLP"**

**Chartered Accountants  
Vancouver, British Columbia  
May 22, 2013, except notes 5 and 13 dated December 10, 2013**

**CURLEW LAKE RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JANUARY 31**  
(Expressed in Canadian dollars)

**Amended and Restated**

	Note	2013 (Restated Notes 5 & 13)	2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 235,181	\$ 19,301
HST receivable		21,275	43,898
Receivables		-	11,826
		256,456	75,025
<b>Other assets</b>			
Restricted cash	3	52,641	-
Exploration and evaluation assets	5	10,080	937,965
		62,721	937,965
<b>TOTAL ASSETS</b>		<b>\$ 319,177</b>	<b>\$ 1,012,990</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	4 & 9	\$ 80,493	\$ 107,043
Reclamation obligation	6	39,450	-
		119,943	107,043
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	15,849,869	15,435,393
Contributed surplus	7	666,865	666,865
Deficit		(16,317,500)	(15,196,311)
		199,234	905,947
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 319,177</b>	<b>\$ 1,012,990</b>

**Nature and continuance of operations (Note 1)**  
**Contingencies (Note 10)**

**On behalf of the Board:**

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*"Jurgen Wolf"* Director

\_\_\_\_\_  
*"Michael Pound"* Director

See accompanying notes to the financial statements

**CURLEW LAKE RESOURCES INC.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED JANUARY 31**  
(Expressed in Canadian dollars)

**Amended and Restated**

	Note	2013 (Restated Notes 5 & 13)	2012
<b>EXPENSES</b>			
Bank charges		\$ 885	\$ 1,608
Management fees	9	5,000	30,000
Office facilities and administrative		95,436	8,393
Professional fees and consulting		38,573	54,462
Shareholder communications		2,092	-
Travel and promotion		3,614	3,699
Transfer agent and filing fees		26,762	24,356
Wages and benefits	9	-	26,549
<b>LOSS BEFORE OTHER ITEM</b>		<b>172,362</b>	<b>149,067</b>
<b>OTHER ITEM</b>			
Write-down of exploration and evaluation assets	5	(985,566)	(43,553)
		(985,566)	(43,553)
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(1,157,928)</b>	<b>(192,620)</b>
Income from discontinued operation	12	36,739	87,768
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (1,121,189)</b>	<b>\$ (104,852)</b>
<b>Basic and diluted loss per share</b>			
Discontinued operations		\$ 0.00	\$ 0.01
Continuing operations		\$ (0.10)	\$ (0.02)
Weighted average number of common shares outstanding		11,568,264	9,946,952

See accompanying notes to the financial statements

**CURLEW LAKE RESOURCES INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

**Amended and Restated**

	Share capital		Contributed Surplus	Deficit	Total
	Number of shares	Amount			
Balance at January 31, 2011	9,946,952	\$ 15,435,393	\$ 666,865	\$ (15,091,459)	\$ 1,010,799
Comprehensive loss for the year	-	-	-	(104,852)	(104,852)
Balance at January 31, 2012	9,946,952	15,435,393	666,865	(15,196,311)	905,947
Shares issued	8,600,000	430,000	-	-	430,000
Share issue costs	-	(15,524)	-	-	(15,524)
Comprehensive loss for the year <b>(Restated Notes 5 &amp; 13)</b>	-	-	-	(1,121,189)	(1,121,189)
Balance at January 31, 2013	18,546,952	\$ 15,849,869	\$ 666,865	\$ (16,317,500)	\$ 199,234

See accompanying notes to the financial statements

**CURLEW LAKE RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JANUARY 31**  
(Expressed in Canadian dollars)

**Amended and Restated**

	<b>2013</b>	<b>2012</b>
	<b>(Restated</b>	
	<b>Notes 5 &amp;13)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year from continuing operations	\$ (1,157,928)	\$ (192,620)
Items not affecting cash:		
Write down of exploration and evaluation assets	985,566	43,553
Net change in non-cash working capital accounts:		
Decrease in receivables	11,826	44,146
Decrease (increase) in HST receivable	22,623	(5,744)
Decrease (increase) in prepaid expense	-	2,674
Increase (decrease) in accounts payable and accrued liabilities	6,930	36,002
Net cash provided by (used in) operating activities-continuing operations	(130,983)	(71,989)
Net cash provided by (used in) operating activities-discontinued operation	6,739	87,768
Net cash provided by (used in) operating activities	(124,244)	15,779
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issuance	430,000	-
Share issue cost	(15,524)	-
Net cash provided by financing activities	414,476	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(51,711)	(515,834)
Change in restricted cash	(52,641)	-
Net cash used in investing activities-continuing operations	(104,352)	(515,834)
Net cash provided by (used in) investing activities-discontinued operation	30,000	-
Net cash used in investing activities	(50,880)	(515,834)
Changes in cash during year	215,880	(500,055)
CASH, BEGINNING OF YEAR	19,301	519,356
CASH, END OF YEAR	\$ 235,181	\$ 19,301
Cash paid (received) for:		
Interest expenses	\$ -	\$ -
Income tax	\$ -	\$ -

See accompanying notes to the financial statements

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Curlew Lake Resources Inc. (the "Company" or "Curlew") was incorporated January 15, 1987, under the Company Act of British Columbia. The Company is in the business of the acquisition, exploration and development of oil and gas properties and mineral properties in Western Canada. The Company's corporate office and principal place of business is Suite 303, 595 Howe Street, Vancouver, British Columbia, Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable production in the future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

	<b>January 31, 2013</b>	<b>January 31, 2012</b>
Deficit	\$ (16,317,500)	\$ (15,196,311)
Working capital (deficiency)	\$ 136,513	\$ (32,018)

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

The restated and amended financial statements were authorized for issuance on December 10, 2013 by the directors of the Company.

***Statement of compliance***

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

***Basis of preparation***

These financial statements have been prepared on an accrual basis except for cash flow information, and are based on historical costs, except for financial instruments classified as fair value through profit and loss and available for sale which are stated at their fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

***Loss per share***

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per common share is calculated using the weighted average number of shares outstanding during the period.

***Share-based payments***

The Company has adopted a 10% rolling stock option plan whereby it can grant options to directors, officers, employees, and consultants of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.



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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at FVTPL when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company has classified its cash as FVTPL.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's receivables and restricted cash are classified as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no assets classified as held to maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses. The Company has no available-for-sale financial assets.

Transaction cost associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Other financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

The Company does not currently have any derivative financial assets and liabilities.

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***Income taxes***

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Exploration and evaluation expenditures***

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral or oil and gas interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the exploration and evaluation assets given up by the Company, with any excess consideration accounted for as a gain on disposal.

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***Exploration and evaluation expenditures*** (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the profit and loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

The technical feasibility and commercial viability of extracting a mineral or oil and gas resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Exploration and evaluation assets are classified as intangible assets.

***Impairment of non-financial assets***

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset or cash-generating unit's fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

***Rehabilitation obligations***

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a rehabilitation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***Share capital***

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants expire unexercised, the value attributed to the warrants remains in contributed surplus.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

***Revenue recognition***

Revenue from the sale of petroleum and natural gas is recorded when title passes to an external party and is based on volumes delivered to customers at contractual delivery points, and rates and collectability are reasonably assured.

The costs associated with the delivery, including operating and maintenance costs, transportation and production based royalty expenses, are recognized during the same period in which the related revenue is earned and recorded.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***New accounting standards***

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC during the year. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

- Amended standard IAS 1 Presentation of Financial Statements

These amendments require components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. These amendments are effective for annual periods beginning on or after July 1, 2012.

- IFRS 7 Financial Instruments: Disclosures - Offsetting of Financial Assets and Liabilities

These amendments are applicable for annual reporting periods beginning on or after January 1, 2013 and requires an entity to disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

- IFRS 10 Consolidated Financial Statements

This new standard replaces the part of IAS 27: 'Consolidated and Separated Financial Statements' and applies for the annual period beginning January 1, 2013. This new standard introduces a new definition of control that determines which entities are consolidated. This new definition of control may potentially lead to the consolidation of entities that were not previously consolidated resulting in additional assets and liabilities recorded in the financial statements.

- IFRS 11 Joint Arrangements

This new standard replaces IAS 31: 'Interest in Joint Ventures' and applies for annual periods beginning on or after January 1, 2013. This new standard introduces new rules which classify joint arrangements as either a joint operation or joint venture. Under the new standard, proportionate consolidation is not allowed and all joint ventures must be equity accounted. All joint arrangements held by the Company will need to be reassessed to determine whether the joint operation or joint venture classification is appropriate, and the potential impacts of a change on the presentation of the Financial Statements.

- IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles, and applies for the annual period beginning January 1, 2013. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

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**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** (continued)

***New accounting standards*** (continued)

- IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards, and applies for the annual period beginning January 1, 2013. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the statement of financial position, and applies for the annual period beginning January 1, 2013. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs.

- IFRS 9 Financial Instruments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after January 1, 2015. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

- Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures and IAS 32 Financial Instruments: Presentation. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13. IAS 32 amendment provides clarification on the application of offsetting rules. IAS 27 and IAS 28 are applicable to annual reporting periods beginning on or after January 1, 2013. IAS 32 is applicable to annual reporting periods beginning on or after January 1, 2014.

The Company does not expect that the new and amended standards will have significant impact on its financial statements.

**3. RESTRICTED CASH**

The Company has cash on deposit with the Energy Resources Conservation Board (“ERCB”) under the ERCB’s Liability Management programs to cover potential liabilities relating to its wells. The required security deposit with the ERCB is determined based on a monthly licensee management rating assessment. The security deposit represents the difference between deemed liabilities and deemed assets of the Company’s interest in petroleum and natural gas properties in Alberta.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	January 31, 2013	January 31, 2012
Accounts payable	\$ 73,969	\$ 88,193
Amounts due to related parties (Note 9)	6,524	18,850
	\$ 80,493	\$ 107,043

**5. EXPLORATION AND EVALUATION ASSETS**

	January 31, 2013	January 31, 2012
Oil and Gas properties	\$ -	\$ 931,951
Mineral properties	10,080	6,014
Total	\$ 10,081	\$ 937,965

**OIL AND GAS PROPERTIES**

	Steen River Oil Project	Chin Coulee Oil Project	Leduc Oil Project	Fairydell Oil Project	Total
Balance, January 31, 2011	\$ 41,430	\$ 110,485	\$ 68,944	\$ 444,419	\$ 665,278
Additions	1,747	2,003	837	360,234	364,821
Write-down/credit	(43,177)	-	-	(54,971)	(98,148)
Balance, January 31, 2012	-	112,488	69,781	749,682	931,951
Additions	-	-	-	48,358	48,358
Write-down	-	(112,488)	(69,781)	(798,040)	(980,308)
Balance, January 31, 2013	\$ -	\$ -	\$ -	\$ -	\$ -

**MINERAL PROPERTIES**

	Typhoon Claims	Peace River Claims	Total
Balance, January 31, 2011	\$ -	\$ 6,263	\$ 6,263
Additions	1,680	4,334	6,014
Write-down/credit	-	(6,263)	(6,263)
Balance, January 31, 2012	1,680	4,334	6,014
Additions	8,400	923	9,323
Write-down	-	(5,257)	(5,257)
Balance, January 31, 2013	\$ 10,080	\$ -	\$ 10,080

**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**OIL AND GAS PROPERTIES**

**Fairydell Oil Project, Alberta, Canada (unproven)**

The Company has acquired freehold and Alberta Crown Petroleum and Natural Gas rights in the Fairydell-Bon Accord area of central Alberta. The Company has a 75% interest in the project subject to a 2.5% GORR in nine and three-quarter sections (6,240 acres). The Company had initially impaired the property by \$409,173, but as the lease expired during the period, the Company further impaired the property by another \$388,867 in this restated financial statement to a total of \$798,040 bringing the value down to \$Nil.

**Chin Coulee Oil Project, Alberta, Canada (unproven)**

The Company has acquired 2 sections (1,280 acres) of Alberta Crown Petroleum and Natural Gas Leases in the Chin Coulee area of Southern Alberta. The Company has a 75% interest in the lands subject to a 2.5% GORR. In the current year, the Company impaired the property by \$112,488, reducing its value to \$Nil.

**Leduc Oil Project, Alberta, Canada (unproven)**

The Company has acquired 2 sections (1,280 acres) of freehold Petroleum and Natural Gas rights in the prolific Leduc area of central Alberta. The Company has a 75% interest in the lands subject to a 2.5% GORR. In the current year, the Company impaired the property by \$69,781, reducing its value to \$Nil.

**Steen River Oil Project, Alberta, Canada**

The Company signed a letter of intent for an option agreement with a third party pursuant to which it will enter into a two well drilling option agreement by May 27, 2009, ending March 27, 2012, on 6 sections comprising the Steen River oil and gas prospect of Northern Alberta. The letter of intent calls for an initial payment of \$25,000 which has been paid. The Company will be responsible for 25% of the drilling costs & crown rentals. The initial 2 wells must be completed prior to February 27, 2012. In 2009 the Company acquired an additional 7.5% in the Steen project. The additional interest acquisition cost was \$7,500. The Company did not renew the leases and consequently wrote-off the property as of January 31, 2012.

**MINERAL PROPERTIES**

**Typhoon Claims, Clear Creek District, Yukon Territories**

The Company holds a 100% interest in 117 mineral claims in the Clear Creek District of the Yukon. The 100% working interest on 98 claims is subject to a 4% Net Smelter Royalty, of which 1% may be purchased by the Company at any time in the future \$600,000, in cash or shares and an additional 2% which may be purchased at any time for \$1,000,000 in cash. The 100% working interest on the remaining 19 claims is subject to a 2% NSR Royalty, which may be purchased at any time by Curlew Lake for \$1,000,000 for each 1% to the Vendor, Xennex Development Corporation. The Company announced in 2006 an agreement with a private investor whereby the Company received additional funds to drill the Yukon property. The private investor received a 2% NSR Royalty on all Yukon properties.



**5. EXPLORATION AND EVALUATION ASSETS (continued)**

**MINERAL PROPERTIES**

**Peace River Claims, Clear Hills District, Alberta**

The Company holds a 50% interest in Metallic & Industrial Minerals rights on 37 Townships, an area of approximately 850,000 acres (351,675 hectares), of land on the Peace River Arch geological formation in north western Alberta. The lands were intended to be operated as a joint venture, with Curlew and 2 private partners, and with Curlew the initial operator of the exploration project. The lands lie north and west of the Clear Hills area and cover a structure known as Halverson Ridge and surrounding areas.

During the year, a dispute arose with a joint venture participant (see note 10) and the Company impaired the property by \$5,257 writing down the value to \$Nil.

**6. RECLAMATION OBLIGATION**

The Company has recorded a decommissioning provision in connection with estimated reclamation costs on the Company's Fairydeil Oil Project sites. The obligation is recognized based on the estimated future reclamation costs. The Company has two wells in Alberta. One well has been determined uneconomic and needs to be plugged. The second well is being analyzed, but would eventually also need to be plugged. The best estimate of total plugging liabilities is equal to the bond with the ERCB, or \$52,600. As the Company owns 75%, the portion would be \$39,450.

**7. SHARE CAPITAL**

Authorized: unlimited number of common shares with no par value

The Company obtained shareholder approval at its Annual General Meeting held on June 22, 2012 to authorize the directors of the Company to implement a consolidation of the Company's share capital on a ten old shares for one new share basis. The Company had 99,469,526 shares outstanding, which were reduced to 9,946,952 post-consolidated common shares. There was no name change with this consolidation. The consolidation received regulatory approval on July 6, 2012 and became effective on July 9, 2012.

On November 23, 2012, the Company closed a private placement for gross proceeds of \$430,000. The Company issued a total of 8,600,000 units at \$0.05 per unit, each unit consisting of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at \$0.10 per share on or before November 22, 2014.

The Company also paid a total of \$15,524 as share issuance costs in connection with the financing.

**Warrants**

Warrant transactions for the respective years and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2011	3,716,000	\$ 1.00
Warrants expired	(946,000)	(0.50)
Balance, January 31, 2012	2,770,000	1.00
Warrants expired	(2,770,000)	(1.00)
Warrants issued	8,600,000	0.10
Balance, January 31, 2013	8,600,000	\$ 0.10

**7. SHARE CAPITAL** (continued)

The following warrants to acquire common shares were outstanding at January 31, 2013:

Number of Shares	Exercise Price	Expiry Date
8,600,000	\$ 0.10	November 22, 2014

**Stock options**

The Company follows the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

Stock option transactions for the respective years and the number of share options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance, January 31, 2011	670,000	\$ 1.00
Options cancelled	(370,000)	(1.00)
Balance, January 31, 2012	300,000	\$ 1.00
Options cancelled	(300,000)	(1.00)
Balance, January 31, 2013	-	\$ -

There are no stock options outstanding and exercisable at January 31, 2013.

**8. FINANCIAL RISK MANAGEMENT**

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**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 held in bank accounts. The Company's cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company intends to settle its accounts payable and accrued liabilities with its working capital.

**8. FINANCIAL RISK MANAGEMENT** (continued)

***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

***Capital Management***

The Company includes cash and equity, comprising of issued common shares, contributed surplus and deficit, in the definition 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 exploration and evaluation assets. 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 properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2013. The Company is not subject to externally-imposed capital requirements, with the exception of unrestricted cash post as deposit with ERCB.

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2013 and 2012:

	As at January 31, 2013		
	Level 1	Level 2	Level 3
Cash	\$ 235,181	\$ -	\$ -

  

	As at January 31, 2012		
	Level 1	Level 2	Level 3
Cash	\$ 19,301	\$ -	\$ -

**9. RELATED PARTY TRANSACTIONS**

Compensation to key management:

The Company entered into the following transactions with related parties:

- a) Paid management fees of \$5,000 (2012 - \$Nil) to a company controlled by a director.
- b) Paid management fees of \$Nil (2012 - \$30,000) to a company controlled by a former director.
- c) Paid wages and benefits of \$Nil (2012 - \$26,549) to a company controlled by a former director.

Included in accounts payable and accrued liabilities:

	January 31, 2013	January 31, 2012
Company controlled by the current CEO of the Company	\$ 346	\$ -
Company controlled by the former CEO of the Company	3,328	10,000
Company controlled by the former CFO of the Company	2,850	8,850
	\$ 6,524	\$ 18,850

These transactions were in the normal course of operations and were measured at the exchange amount which represented the amount of consideration established and agreed to by the related parties.

**10. CONTINGENCIES**

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. Management is of the opinion that disposition of any current matter will not have a material adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities.

During the year disputes arose with joint venture participants who claimed the Company was in breach of agreements to explore certain properties in Alberta. The Company disputes these claims and believes them to be without merit. At the audit report date, it is indeterminable what the outcome of these disputes will be. Future costs and liability arising from these matters, if any, will be recorded in the period in which such amounts can be reliably determined.

**11. INCOME TAXES**

	January 31, 2013	January 31, 2012
Loss before income taxes	\$ (1,121,188)	\$ (104,852)
Corporate tax rate	25.00%	26.38%
Expected tax recovery	(280 297)	(27,655)
(Increase) decrease resulting from:		
Permanent differences	364	75
Adjustment for change in statutory rates	-	1,438
Tax benefit not realized	279 933	26,142
Income tax expense (recovery)	\$ -	\$ -

**11. INCOME TAXES** (continued)

The Company's deferred tax assets are as follows:

	January 31, 2013	January 31, 2012
Potential deferred income tax assets		
Non-capital losses	\$ 220,397	\$ 186,078
Capital losses	67,595	67,595
Resource related deductions	1,174,774	928,382
Share issue cost	3,105	-
Other item	2,500	2,500
	1,468,371	1,184,555
Less: Unrecognized deferred tax assets	(1,468,371)	(1,184,555)
	\$ -	\$ -

The Company has available for deduction against taxable income non-capital losses of \$881,586, if not utilize, expire as follows, and capital losses of \$540,756.

2015	\$159,748
2016	120,814
2017	85,900
2018	17,718
2019	51,010
2020	91,521
2021	156,587
2022	61,014
2023	137,274
<b>Total</b>	<b>\$881,586</b>

Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Deferred tax benefits which may arise as a result of these non-capital and capital losses and resource deductions have not been recognized in these financial statements.

**12. DISCONTINUED OPERATION**

During the year, the Company sold its interest in the Fosterton oil project located in Saskatchewan for proceeds of \$30,000. The property was previously written off during the fiscal year ended January 31, 2009 due to the economic climate and the uncertainty surrounding future cash flow from the property.

Results of discontinued operation comprise the following:

	January 31, 2013	January 31, 2012
Revenue	\$ 21,322	\$ 132,677
Cost of Production	(14,583)	(44,909)
Income before other item	6,739	87,768
Gain on sale of property	30,000	-
Income from discontinued operation	\$ 36,739	\$ 87,768

### **13. RESTATEMENT**

Subsequent to the issue of the Company's financial statements for the year ended January 31, 2013, management determined that the Fairydell Oil Project leases were cancelled on June 17, 2012. Therefore, the financial statements previously issued have been replaced in order to amend the financial statements to reflect the write-off of this project at that time.