

**GRAVIS ENERGY CORP.**

Interim Consolidated Financial Statements

Nine Months Ended December 31, 2011

(Expressed in Canadian dollars)

(unaudited)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditors, Saturna Group Chartered Accountants LLP, have not performed a review of these financial statements.

**Gravis Energy Corp.**

Consolidated statements of financial position

(Expressed in Canadian dollars – unaudited)

	<b>December 31, 2011</b>	<b>March 31, 2011</b>	<b>April 1, 2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	8,531	249	52
Amounts receivable	26,197	9,036	-
Total current assets	34,728	9,285	52
<b>Non-current assets</b>			
Investment in KWULP (Note 3)	1,569,983	1,769,982	969,100
Investment in KWUC (Note 3)	1,000	1,000	1,000
<b>TOTAL ASSETS</b>	<b>1,605,711</b>	<b>1,780,267</b>	<b>970,152</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	39,283	58,899	221,688
Due to related parties (Note 4)	7,625	77,918	104,147
<b>TOTAL LIABILITIES</b>	<b>46,908</b>	<b>136,817</b>	<b>325,835</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	2,227,959	2,227,959	1,040,402
Deficit	(669,156)	(584,509)	(396,085)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,558,803</b>	<b>1,643,450</b>	<b>644,317</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,605,711</b>	<b>\$ 1,780,267</b>	<b>\$ 970,152</b>

Nature of operations and going concern (Note 1)

On behalf of the Board:

(Signed) "Ruben Versoza"  
Ruben Versoza, Director

(Signed) "Nizar Bharmal"  
Nizar Bharmal, Director

**Gravis Energy Corp.**Consolidated statements of comprehensive loss  
(Expressed in Canadian dollars – unaudited)

	<b>Nine months ended December 31, 2011 \$</b>	<b>Three month ended December 31, 2011 \$</b>	<b>Nine months ended December 31, 2010 \$</b>	<b>Three month ended December 31, 2010 \$</b>
<b>Expenses</b>				
Management fees (Note 4)	56,212	16,000	45,625	116,590
Office and miscellaneous	867	64	6,858	3,978
Professional fees	6,303	8,030	171,482	43,316
Transfer agent and filing fees	21,266	4,007	2,292	900
Total expenses	(84,648)	(28,101)	226,257	166,784
<b>Net and comprehensive loss for the period</b>	<b>(84,648)</b>	<b>(28,101)</b>	<b>(226,257)</b>	<b>(166,784)</b>
<b>Net loss per share – basic and diluted</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average shares outstanding</b>	<b>29,303,303</b>	<b>29,303,303</b>	<b>20,761,443</b>	<b>21,359,242</b>

See accompanying notes to the consolidated financial statements

**Gravis Energy Corp.**

Consolidated statements of changes in shareholders' equity

(Expressed in Canadian dollars – unaudited)

	Share capital			Total shareholders' equity \$
	Number of shares	Amount \$	Deficit \$	
<b>Balance, April 1, 2011</b>	<b>29,303,303</b>	<b>2,227,959</b>	<b>(584,509)</b>	<b>1,643,450</b>
Net loss for the period	-	-	(84,648)	(84,648)
<b>Balance, December 31, 2011</b>	<b>29,303,303</b>	<b>2,227,959</b>	<b>(669,156)</b>	<b>1,558,802</b>

	Share capital			Total shareholders' equity \$
	Number of shares	Amount \$	Deficit \$	
<b>Balance, April 1, 2010</b>	<b>10,404,025</b>	<b>1,040,402</b>	<b>(396,085)</b>	<b>644,317</b>
Net loss for the period	-	-	(226,257)	(226,257)
Transactions with owners, in their capacity as owners, and other transfers:				
Shares of legal parent	4,000,000	-	-	-
Share issue for costs relating to reverse merger	1,000,000	100,000	-	100,000
Issued pursuant to private placements	9,790,000	739,000	-	739,000
Shares issued to settle accounts payable	2,100,000	210,000	-	210,000
<b>Balance, December 31, 2010</b>	<b>27,294,025</b>	<b>2,089,402</b>	<b>(622,342)</b>	<b>1,467,060</b>

See accompanying notes to the consolidated financial statements

**Gravis Energy Corp.**

Consolidated statements of cash flows

(Expressed in Canadian dollars – unaudited)

	<b>Nine months ended December 31, 2011 \$</b>	<b>Three months ended December 31, 2011 \$</b>	<b>Nine months ended December 31, 2010 \$</b>	<b>Three months ended December 31, 2010 \$</b>
<b>Operating activities</b>				
Loss for the period	(84,648)	(28,101)	(226,257)	(65,734)
Accumulated deficit from RTO target	-	-	(173,937)	-
Decrease (increase) in accounts receivables	(17,161)	(3,242)	(3,522)	(1,122)
Decrease (increase) in prepaid expenses	-	-	(2,500)	(2,500)
Decrease (increase) in accounts payables	(19,616)	7,396	(134,322)	(4,359)
<b>Net cash flows from operating activities</b>	<b>(121,425)</b>	<b>(23,947)</b>	<b>(540,538)</b>	<b>(73,715)</b>
<b>Investing activities</b>				
Proceeds from KWULP	600,000	-	-	-
Investment in KWULP	(400,001)	(257,053)	(406,071)	-
<b>Net cash flows from investing activities</b>	<b>199,999</b>	<b>(257,053)</b>	<b>(406,071)</b>	<b>-</b>
<b>Financing activities</b>				
Issuance of shares, net	-	-	876,926	-
Due to shareholders/related parties	(70,293)	5,600	(4,472)	45,215
Contributed surplus	-	-	65,870	-
Obligation to issue shares	-	-	405,000	400,000
<b>Net cash flows from financing activities</b>	<b>(70,293)</b>	<b>5,600</b>	<b>1,343,324</b>	<b>445,215</b>
Increase (decrease) in cash during the period	8,281	(275,400)	396,717	371,500
Cash and cash equivalents, beginning	249	283,931	52	25,268
<b>Cash and cash equivalents, ending</b>	<b>8,531</b>	<b>8,531</b>	<b>396,770</b>	<b>396,770</b>

See accompanying notes to the consolidated financial statements

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**1. Nature and continuance of operations**

The Company is a public company incorporated under the laws of the province of British Columbia, Canada and is in the business of acquiring, exploring and evaluating mineral properties through a limited partnership.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown. As at December 31, 2011, the Company had not yet generated any revenue and has accumulated losses of \$669,156 since inception, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**2. Significant accounting policies****a) Basis of Preparation**

These interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). These financial statements are the Company's first IFRS interim financial statements after its transition to reporting in accordance with IFRS and before the issuance of its first publicly issued annual IFRS financial statements. IFRS 1, "First-time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied to these interim financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 8.

The financial statements have been prepared on a historical cost basis except for financial assets classified as fair value through profit or loss which are measured at fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These consolidated financial statements include the accounts of the Company and its whollyowned subsidiary, Gravis Capital Corp. All inter-company transactions have been eliminated.

**b) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. 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 estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of investments, fair values of financial instruments, and deferred income tax asset valuation allowances.

## Gravis Energy Corp.

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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### 2. Significant accounting policies (continued)

#### c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents

#### d) Financial instruments

##### a. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

##### *Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Financial assets classified as fair value through profit or loss is comprised of marketable securities.

##### *Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.



**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**2. Significant accounting policies (continued)**

d) Financial Instruments (continued)

a. Non-derivative financial assets (continued)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Available-for-sale financial assets are comprised of investments in KWULP and KWUC and are measured at cost, less impairment.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of cash and amounts receivable.

*Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**2. Significant accounting policies (continued)**

d) Financial Instruments (continued)

a. Non-derivative financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

b. Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

c. Share capital

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

e) 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. 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.

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**2. Significant accounting policies (continued)**

## e) Income taxes (continued)

*Deferred income tax*

Deferred income tax is provided using the balance sheet 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.

## f) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

## g) Comprehensive loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss.

## h) Share-based payments

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of income with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**2. Significant accounting policies (continued)**

h) Share-based payments (continued)

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

i) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2011, and have not been applied in preparing these financial statements.

i. Effective for annual periods beginning on or after July 1, 2011:

*Amendments to IFRS 7, "Financial Instruments: Disclosures"*

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

ii. Effective for annual periods beginning on or after July 1, 2013:

*New standard IFRS 9, "Financial Instruments"*

Partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement"

*New standard IFRS 13, "Fair Value Measurement"*

IFRS 13 replaces the fair value measurement guidance currently dispersed across different IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

j) Reclassifications

Certain comparative figures have been reclassified to conform to the current period's presentation.

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

**3. Investments in KWULP and KWUC**

The Company has a 10% interest in a limited partnership registered under the Limited Partnerships Act (British Columbia), Korea Waterbury Uranium Limited Partnership ("KWULP"), and a 10% interest in the Korea Waterbury Uranium Corporation ("KWUC"), KWULP's general partner.

In January 2008, KWULP entered into an earn-in agreement with Fission Energy Corp. ("Fission") whereby Fission granted to an option to KWULP to acquire up to a 50% interest in certain mineral claims in Saskatchewan known as the Waterbury Lake Property, by incurring aggregate exploration costs of \$14,000,000 by January 30, 2011 (incurred) and subscribing for 1,000,000 common shares of Fission at a price of \$1.00 per share (subscribed to on March 14, 2008).

During the year ended March 31, 2010, management reviewed the value of the Company's investment in KWULP and determined that its value was impaired. As a result, a write-down in the amount of \$3,000 was applied to this investment.

In August 2010, KWULP and Fission Energy Corp. entered into a definitive Limited Partnership Agreement ("WLULP") to further the joint exploration and development of the Waterbury Lake Uranium Property located in Saskatchewan's Athabasca Basin. Each party is responsible for expenditures in accordance with its interest in the partnership and any profits will be distributed to the parties on the same basis.

On April 11, 2011, Fission, a limited partner of KWULP, exercised the Back-In Option available under the WLULP Limited Partnership Agreement. KWULP received \$6,000,000 for the Back-in Option from Fission, accordingly the Company received \$600,000. As a result of the exercise of this option, Fission's interest in WLULP was increased by 10% and KWULP's interest was reduced by 10%. KWULP now holds a 40% interest and Fission now holds 60% in WLULP.

**4. Related party transactions**

- a. For the nine months ended December 31, 2011, the Company incurred management fees of \$7,000 (2010 – \$8,216) to the President of the Company.
- b. For the nine months ended December 31, 2011, the Company incurred management fees of \$26,316 (2010 – \$12,324) to the Chief Financial Officer of the Company.

**5. Share purchase warrants**

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2011 and March 31, 2011	4,240,000	0.17

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

**5. Share purchase warrants (continued)**

As at December 31, 2011, the following share purchase warrants were outstanding:

<b>Number of warrants outstanding</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
3,790,000	0.15	April 14, 2012
450,000	0.30	January 31, 2013
<b>4,240,000</b>		

**6. Stock Options**

The Company has a stock-based compensation plan 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 shares of the Company. The options are granted for a maximum term of five years.

The following table summarizes the continuity of the Company's stock options:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance, December 31, 2011 and March 31, 2011	400,000	0.10

Additional information regarding stock options outstanding as at December 31, 2011 is as follows:

<b>Outstanding and exercisable</b>			
<b>Range of exercise prices \$</b>	<b>Number of shares</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Weighted average exercise price \$</b>
0.10	400,000	1.15	0.10

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

**7. Financial instruments and risks**

## a. Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as of December 31, 2011 as follows:

	Fair value measurements using			Balance as at December 31, 2011
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Assets:				
Cash	8,531	-	-	8,531
Investment in KWULP	-	-	1,569,983	1,569,983
Investment in KWUC	-	-	1,000	1,000
Total assets measured at fair value	8,531	-	1,570,983	1,579,514

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values to the relatively short-term maturity of these instruments.

## b. Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The carrying amount of financial assets represents the maximum credit exposure. Amounts receivable consists of GST/HST receivable due from the Government of Canada.

## c. Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk.

## d. Interest rate risk

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

## e. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

**Gravis Energy Corp.**

Notes to the Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine month periods ended December 31, 2011 and 2010

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**8. Transition to IFRS**

As stated in Note 2, the Company prepared its financial statements in accordance with IFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for nine months ended December 31, 2011, the comparative information presented in these financial statements for the nine months ended December 31, 2010, and in the preparation of an opening IFRS statement of financial position as at April 1, 2010 (the Company's date of transition).

*First Time Adoption of IFRS*

The Company has adopted IFRS on April 1, 2011 with a transition date of April 1, 2010. Under IFRS 1, "First Time Adoption of International Financial Reporting Standards ("IFRS 1"), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS providing certain optional and mandatory exemptions to this principle.

The Company has elected to apply the following optional exemptions:

*Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "*Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to April 1, 2010.

*Fair value as deemed cost*

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. The Company has elected to use historical cost.

*Reconciliation to previously reported financial statements*

The transition from Canadian GAAP to IFRS had no material impact on the Company's statements of financial position as at April 1, 2010 and December 31, 2010 and statements of comprehensive loss and cash flows for the nine months ended December 31, 2010 and year ended March 31, 2011.

**9. Subsequent events**

On February 13, 2012, the Company announces the appointment of Nizar Bharmal, CGA to the position of CFO of the Company and the appointment of Julie Hadjuk as a director of the Company. Both appointments were effective as of January 25, 2012.