GRAVIS ENERGY CORP.

Consolidated Financial Statements

For the Period Ended December 31, 2012 and 2011

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, 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 accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GRAVIS ENERGY CORP.
Consolidated statements of financial position
(Expressed in Canadian dollars - unaudited)

	December 31, 2012 $	March 31, 2012 $
Assets		
Current assets		
Cash (Note 4)	637	878
Amounts receivable (Note 5)	28,910	22,210
Total current assets	29,547	23,088
Non-current assets		
Investment in KWULP (Note 6)	1,964,527	1,569,982
Investment in KWUC (Note 6)	1,000	1,000
Total non-current assets	1,965,527	1,570,982
Total assets	1,995,074	1,594,070
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	47,934	28,075
Loans payable (Note 8)	66,501	13,000
Due to related parties (Note 9)	29,570	16,569
Total liabilities	144,005	57,644
Shareholders' Equity		
Share capital (Note 10)	2,622,504	2,227,959
Deficit	(771,435)	(691,533)
Total shareholders' equity	1,851,069	1,536,426
Total liabilities and shareholders' equity	1,995,074	1,594,070

Nature and continuance of operations (Note 1)
Subsequent event (Note 13)

Approved on behalf of the Board on February 27, 2013 by:

/s/ "Ruben Verzosa" /s/ "Nizar Bharmal"

Ruben Verzosa, Director Nizar Bharmal, Director

(The accompanying notes are an integral part of these financial statements)

GRAVIS ENERGY CORP.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars - unaudited)

	Nine months ended December 31, 2012 $	Three months ended December 31, 2012 $	Nine months ended December 31, 2011 $	Three months ended December 31, 2011 $
Revenue	–	–	–	–
Expenses				
Management fees (Note 9)	38,313	10,500	56,212	16,000
Office and miscellaneous	729	94	867	64
Professional fees (Note 9)	18,919	5,577	6,303	8,030
Transfer agent and filing fees	15,441	4,088	21,266	4,007
Travel	6,500	3,500	-	
Total expenses	79,902	23,759	84,648	28,101
Net loss and comprehensive loss for the period	(79,902)	(23,759)	(84,648)	(28,101)
Net loss per share, basic and diluted	-	-	-	-
Weighted average shares outstanding	31,352,138	32,773,483	29,303,303	29,303,303

(The accompanying notes are an integral part of these financial statements)

GRAVIS ENERGY CORP.
Consolidated statements of changes in equity
(Expressed in Canadian dollars - unaudited)

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

	Share capital			Total
	Number of shares	Amount $	Deficit $	shareholders' equity $
Balance, April 1, 2012	29,303,303	2,227,959	(691,533)	1,536,426
Net loss for the nine month period	–	–	(79,902)	(79,902)
Shares issued to settle accounts payable	3,364,308	201,858		201,858
Private Placement	3,211,441	192,687		192,687
Balance, December 31, 2012	35,879,052	2,622,504	(771,435)	1,851,069

(The accompanying notes are an integral part of these financial statements)

GRAVIS ENERGY CORP.
Consolidated statements of cash flows
(Expressed in Canadian dollars - unaudited)

	Nine months ended December 31, 2012 $	Three months ended December 31, 2012 $	Nine months ended December 31, 2011 $	Three months ended December 31, 2011 $
Cash provided by (used in):				
Operating activities				
Net loss for the period	(79,902)	(23,759)	(84,648)	(28,101)
Changes in non-cash operating working capital:				
Amounts receivable	(6,700)	(1,697)	(17,161)	(3,242)
Accounts payable and accrued liabilities	19,860	(6,050)	(19,616)	7,396
Loan payable	53,501	13,501	-	
Net cash used in operating activities	(13,241)	(18,005)	(121,425)	(23,947)
Investing activities				
Investment in KWULP	(394,545)	(192,686)	(400,001)	(257,053)
Proceeds from investment in KWULP	-	-	600,000	-
Net cash provided by (used in) investing activities	(394,545)	(192,686)	199,999	(257,053)
Financing activities				
Due to related parties	13,000	3,000	(70,293)	5,600
Shares issued to settle accounts payable	201,858	-	-	-
Private Placement	192,687	192,687	-	-
Net cash provided by financing activities	407,545	195,687	(70,293)	5,600
Increase in cash	(241)	(15,004)	8,281	(275,400)
Cash, beginning of period	878	15,641	250	283,931
Cash, end of period	637	637	8,531	8,531
Non-cash investing and financing activities:	-	-	-	-

(The accompanying notes are an integral part of these financial statements)

1. Nature and Continuance of Operations

Gravis Energy Corp. (the "Company") was incorporated under the Business Corporation Act (British Columbia) on August 24, 2007. On March 31, 2010, the Company changed its name from Sukari Ventures Corp. to Gravis Energy Corp. The Company's head office is located at Suite 950, 1130 West Pender Street, Vancouver, BC, Canada.

The Company was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange. In fiscal 2011, the Company completed its Qualifying Transaction by issuing 10,404,025 common shares of its common stock to the shareholders of Gravis Capital Corp. ("GCC"). After completion of the reverse merger, the Company is engaged in a mineral exploration property project through a limited partnership. Refer to Note 3.

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, 2012, the Company had not yet generated any revenue, has a working capital deficit of $114,458, and has accumulated losses of $771,435 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) Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. IFRS 1, "First-time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied to these 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 13.

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 wholly-owned 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.

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

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (includin`g 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 cash.

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.

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. Investments in the KWULP and KWUC are classified as available-for-sale and are measured at cost, less impairment.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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 is comprised of 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.

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.

(ii) 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.

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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, loans payable, 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.

(iii) 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.

The proceeds from shares issued under flow-through share financing agreements are credited to share capital and the tax benefits related to the exploration expenditures incurred are transferred to the purchaser of the flow-through shares. When the proceeds of flow-through financings are received, the Company becomes committed to incurring the underlying exploration expenditures; however, the Company does not recognize these future expenditures as liabilities for financial reporting.

(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.

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

2. Significant accounting policies (continued)

Deferred income tax (continued)

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.

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, 2012, 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.

2. Significant Accounting Policies (continued)

(i) Accounting Standards Issued But Not Yet Effective (continued)

(ii) Effective for annual periods beginning on or after July 1, 2012:

Amendments to IAS 1 "Presentation of Financial Statements"

In June 2011, the IASB issued amendments to IAS 1 to require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two separate statements. The amendments are to be applied retrospectively.

(iii) Effective for annual periods beginning on or after January 1, 2013:

New Standard IFRS 10, "Consolidated Financial Statements"

In May 2011, the IASB issued IFRS 10 to replace portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12, "Consolidated - Special Purpose Entities". IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and a continuous reassessment as facts and circumstances change

New standard IFRS 11, "Joint Arrangements"

In May 2011, the IASB issued IFRS 11 to replace IAS 31, "Interest in Joint Ventures". The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting.

New standard IFRS 12 "Disclosure of Interest in Other Entities"

In May 2011, the IASB issued IFRS 12. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.

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.

2. Significant Accounting Policies (continued)

(i) Accounting Standards Issued But Not Yet Effective (continued)

(iv) Effective for annual periods beginning on or after January 1, 2015:

Partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for how an entity should classify and measure financial assets that are in the scope of IAS 39. The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if two criteria are met: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (b) the contractual cash flows under the instrument solely represent payments of principal and interest. If a financial asset meets the criteria to be measured at amortized cost, it can be designated at fair value through profit or loss under the fair value option, if doing so would significantly reduce or eliminate an accounting mismatch. If a financial asset does not meet the business model and contractual terms criteria to be measured at amortized cost, then it is subsequently measured at fair value. In October 2010, the IASB issued additions to IFRS 9 relating to accounting for financial liabilities. Under the new requirements, an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss.

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

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Acquisition of Gravis Capital Corp. and Recapitalization

On May 28, 2009, the Company entered into a Share Exchange Agreement (the "Agreement") with GCC and its shareholders to acquire 100% of the issued and outstanding shares of GCC. GCC was incorporated on October 10, 2007 under the Business Corporations Act (British Columbia) and is in engaged in a mineral exploration project through a limited partnership (Note 4). Effective April 14, 2010, the acquisition of GCC was completed through the issuance of 10,404,025 common shares to the shareholders of GCC.

Prior to the acquisition of GCC, the Company was a non-operating Capital Pool Company. The acquisition is a capital transaction in substance and therefore has been accounted for as a recapitalization of the business of GCC. Under recapitalization accounting, GCC is considered the acquirer for accounting and financial reporting purposes, and acquired the assets and assumed the liabilities of the Company. Assets, net of liabilities, acquired of $61,249 are reported at their carrying amounts. These financial statements include the accounts of the Company since the effective date of the recapitalization being April 14, 2010, and the historical accounts of the business of GCC since inception being October 10, 2007.

A finder's fee of 1,000,000 common shares with a fair value of $100,000 was paid by the Company in connection with this acquisition.

3. Acquisition of Gravis Capital Corp. and Recapitalization

The assets acquired and liabilities assumed are as follows:

	$
Cash	347,670
Amounts receivable	4,843
Advances receivable	191,321
Accounts payable and accrued liabilities	(72,585)
Due to related parties	(50,000)
Share subscriptions received	(360,000)
Net assets acquired	61,249
Merger costs incurred	(100,000)
Net assets acquired, net of costs	(38,751)

4. Cash

The components of cash are as follows:

	December 31, 2012	**March 31, 2012**
Cash at bank	$ 637	$ 878

5. Accounts receivable

Receivables consist of sales taxes and other tax credits receivable.

6. Investments in KWULP and KWUC

The Company has a 10% interest in the Korea Waterbury Uranium Limited Partnership (“KWULP”), a limited partnership registered under the Limited Partnerships Act (British Columbia), 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 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).

In August 2010, KWULP and Fission Energy Corp. entered into a definitive Limited Partnership Agreement to further the joint exploration and development of the Waterbury Lake Uranium Property (“WLULP”) 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.

7. Accounts payable and accrued liabilities

	December 31, 2012	March 31, 2012
Accounts payable	$ 47,934	$ 28,075
Amounts due to related parties	29,570	-
	$ 77,504	**$ 28,075**

8. Loans Payable

(a) As at December 31, 2012, the Company owed $11,000 (2011 - $nil) to a non-related party which is non-interest bearing, unsecured, and due on demand.

(b) As at December 31, 2012, the Company owed $35,000 (2011 - $nil) to a non-related party which is non-interest bearing, unsecured, and due on demand.

(c) As at December 31, 2012, the Company owed $18,501 (2011 - $nil) to a non-related party which is non-interest bearing, unsecured, and due on demand.

(d) As at December 31, 2012, the Company owed $2,000 (2011 - $nil) to a non-related party which is non-interest bearing, unsecured, and due on demand.

9. Related Party Transactions

(a) During the period ended December 31, 2012, 2012, the Company incurred management fees of $15,000 (2011 - $33,316) to the President of the Company.

(b) As at December 31, 2012, the Company owed $13,000 (2011 - $ nil) to the President of the Company which is non-interest bearing, unsecured, and due on demand.

(c) As at December 31, 2012, the Company owed $6,540 (2011 - $ nil) to the former Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand.

(d) As at December 31, 2012, the Company owed $4,029 (2011 - $ nil) to a former director of the subsidiary of the Company which is non-interest bearing, unsecured, and due on demand.

(e) As at December 31, 2012, the Company owed $6,000 (2011 - $ nil) to a former President of the Company which is non-interest bearing, unsecured, and due on demand.

10. Share Capital

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital

At December 31, 2012 there were 35,879,052 issued and fully paid common shares (March 31, 2012 – 29,303,303).

(a) On July 20, 2012, the Company issued 3,364,308 common shares with a fair value of $201,858 to settle accounts payable.

(b) On December 28, 2012, the Company has completed a private placement of an aggregate of 3,211,441 common shares at a price of $0.06 per share, for total proceeds of $192,687.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months 23,759 for the three month period (2011 - $28,101) and the weighted average number of common shares outstanding of 32,773,483 for the three months ended December 31, 2012 (2011 – 29,303,303)

The calculation of basic and diluted loss per share for the nine months ended December 31, 2012 and 2011 was based on the loss attributable to common shareholders of $79,902 for the nine month period (2011 - $84,648) and the weighted average number of common shares outstanding of 31,352,138 (2011 – 29,303,303) for the nine months ended December 31, 2012.

Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, March 31, 2012	4,240,000	0.17
Balance, December 31, 2012	450,000	0.30

During the nine month period ended December 31, 2012 4,240,000 warrants have expired.

As at December 31, 2012, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
450,000	0.30	January 31, 2013
450,000		

10. Share capital (continued)

Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The stock options have a maximum term of five years.

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

	Number of options	Weighted average exercise price $
Outstanding, March 31, 2012	400,000	0.10
Outstanding, December 31, 2012	-	-

During the nine month period ended December 31, 2012 400,000 option have expired.

11. 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, 2012 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance as at December 31, 2012 $
Assets:				
Cash	637	–	–	637
Investment in KWULP	–	–	1,964,527	1,964,527
Investment in KWUC	–	–	1,000	1,000
Total assets measured at fair value	637	–	1,965,527	1,966,164

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties, and loans payable approximate their carrying values due 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

11. Financial Instruments and Risks (continued)

(b) Credit Risk (continued)

institutions may exceed the amount of insurance provided on such deposits. Amounts receivable consists of GST/HST receivable due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate

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.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2012.

13. Subsequent Event

There are no subsequent events.