

# **SPARROW VENTURES CORP.**

**Condensed Interim Financial Statements (Unaudited)**

**Three Months Ended April 30, 2015 and 2014**

**(Expressed in Canadian Dollars)**

# **SPARROW VENTURES CORP.**

(the “Company”)

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three months ended April 30, 2015 and 2014**

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

The management of Sparrow Ventures Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim 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.

June 25, 2015

# SPARROW VENTURES CORP.

Condensed Interim Statements of Financial Position (Unaudited)  
(Expressed in Canadian Dollars)

	Notes	April 30, 2015 \$	January 31, 2015 \$
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		265	285
GST recoverable		728	433
		<u>993</u>	<u>718</u>
<b>LIABILITY</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	5(c)	13,915	12,700
Loans payable	3	22,457	21,813
		<u>36,372</u>	<u>34,513</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	4	1,010,618	1,010,618
Share-based payment reserve		98,714	98,714
Deficit		(1,144,711)	(1,143,127)
		<u>(35,379)</u>	<u>(33,795)</u>
		<u>993</u>	<u>718</u>

Nature of operations (Note 1)

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

# SPARROW VENTURES CORP.

Condensed Interim Statements of Changes in Deficiency (Unaudited)  
(Expressed in Canadian Dollars)

	Notes	Common Shares #	Share Capital \$	Share-Based Payment Reserve \$	Deficit \$	Total \$
<b>Balance, January 31, 2014</b>		13,590,500	1,007,228	134,338	(1,143,287)	(1,721)
Comprehensive loss for the period		-	-	-	(25,246)	(25,246)
Share-based payments	4(C)	-	-	2,576	-	2,576
<b>Balance, April 30, 2014</b>		13,590,500	1,007,228	136,914	(1,168,533)	(24,391)
Share issued pursuant to loan agreements		67,800	3,390	-	-	3,390
Comprehensive loss for the period		-	-	-	(34,485)	(34,485)
Forfeited options		-	-	(59,891)	59,891	-
Share-based payments		-	-	21,691	-	21,691
<b>Balance, January 31, 2015</b>		13,658,300	1,010,618	98,714	(1,143,127)	(33,795)
Comprehensive loss for the period		-	-	-	(1,584)	(1,584)
<b>Balance, April 30, 2015</b>		13,658,300	1,010,618	98,714	(1,144,711)	(35,379)

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

# SPARROW VENTURES CORP.

Condensed Interim Statements of Comprehensive Loss (Unaudited)  
(Expressed in Canadian Dollars)

	Notes	Three Months Ended April 30,	
		2015	2014
		\$	\$
<b>EXPENSES</b>			
Bank charges		20	72
Depreciation		-	78
Office, rent and administration	5(a)	-	15,827
Professional fees		(2,000)	-
Regulatory fees		1,250	5,985
Share-based payments	4(c)	-	2,576
Transfer agent and shareholder information		1,670	708
		<hr/>	<hr/>
<b>LOSS BEFORE OTHER ITEM</b>		(940)	(25,246)
<b>OTHER ITEM</b>			
Finance and other costs	3	(644)	-
		<hr/>	<hr/>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		(1,584)	(25,246)
		<hr/>	<hr/>
<b>BASIC AND DILUTED LOSS PER SHARE</b>		-	(0.002)
		<hr/>	<hr/>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUSTANDING - BASIC AND DILUTED</b>		13,658,300	13,590,500
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The accompanying notes are an integral part of these condensed interim financial statements.

# SPARROW VENTURES CORP.

Condensed Interim Statements of Cash Flows (Unaudited)  
(Expressed in Canadian Dollars)

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	Three Months Ended April 30,	
	2015	2014
	\$	\$
<b>CASH WAS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(1,584)	(25,246)
Adjustments for non-cash items		
Depreciation	-	78
Share-based payments	-	2,576
Changes in non-cash working capital accounts		
GST recoverable	(295)	-
Prepaid expenses and deposits	-	71
Accounts payable and accrued liabilities	1,859	21,425
	<hr/>	<hr/>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(20)	(1,096)
Cash and cash equivalents, beginning of period	285	2,007
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<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	265	911
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The accompanying notes are an integral part of these condensed interim financial statements.

# SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2015 and 2014  
(Unaudited)

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## NOTE 1 – NATURE OF OPERATIONS

Sparrow Ventures Corp. (the “Company”) was incorporated on July 04, 2006 under the laws of the Business Corporations Act (British Columbia). Effective June 17, 2014, the Company’s listing was transferred to the NEX board of the TSX Venture Exchange (the “Exchange”) due to the Company failure to maintain the requirements for a TSX Venture Tier 2 company. The Company is currently seeking business opportunities.

The head office, principal address, and records office of the Company are located at Suite 610 – 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company’s registered office address is located at Suite 700 – 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The Company is engaged in the acquisition, exploration, and development of resource properties. The Company currently does not hold any mineral property interests and is actively evaluating mineral properties to acquire or option.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the identification and acquisition of resource properties, financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external financing of equity. As at April 30, 2015, the Company has accumulated losses of \$1,144,711 since inception. There is no assurance that the Company will be successful with generating and maintaining profitable operations, or able to secure future debt or equity financing for its working capital and development activities.

These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended January 31, 2015.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended January 31, 2015.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on June 25, 2015.

## **SPARROW VENTURES CORP.**

Notes to the Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2015 and 2014  
(Unaudited)

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### **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(b) Significant Accounting Judgments, Estimates and Assumptions**

In the preparation of financial statements in conformity with IFRS, management is required to make judgments, estimates, and assumptions that affect the amounts reported and disclosed in the interim financial statements and related notes. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended January 31, 2015.

### **NOTE 3 – LOANS PAYABLE**

The Company entered into loan agreements dated May 28, 2014 (the "Loans"), with two directors of the Company ("the Lenders") in the total principal amount of \$20,326. The Loans are unsecured, bear interest at 12% per annum, and mature on November 28, 2015 (the original maturity date of May 28, 2015 was extended subsequently on May 21, 2015 for six months to November 28, 2015).

In consideration for the Loans, the Company issued an aggregate of 67,800 common shares to the Lenders at a fair value of \$3,390 which was recorded as finance cost. During the three months ended April 30, 2015, the Company accrued \$644 in interest expense on the Loans which remained outstanding as at April 30, 2015.

### **NOTE 4 – SHARE CAPITAL**

#### **(a) Authorized**

The Company is authorized to issue an unlimited number of voting common shares without par value.

#### **(b) Issued and Outstanding Share Capital**

At April 30, 2015, there were 13,658,300 issued and fully paid common shares (January 31, 2015 – 13,658,300).

#### **(c) Share-Based Payments**

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a period of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30<sup>th</sup> day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of six months after such death, subject to the expiry date of such option.



## SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements  
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Three Months Ended April 30, 2015 and 2014  
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### NOTE 4 – SHARE CAPITAL (Continued)

#### (c) Share-Based Payments (Continued)

A summary of the status of the options outstanding is as follows:

	Options #	Weighted Average Exercise Price \$
<b>Balance, April 30, 2014 and January 31, 2014</b>	1,214,000 <sup>(i)</sup>	0.05
Granted	760,000	0.05
Cancelled	(760,000) <sup>(ii)</sup>	0.05
<b>Balance, April 30, 2015 and January 31, 2015</b>	<b>1,214,000</b>	<b>0.05</b>

<sup>(i)</sup> During the year ended January 31, 2015, the Company amended the terms of 1,214,000 stock options previously granted to employees, directors and consultants of the Company. These options had original exercise prices ranging from \$0.10 to \$0.12 per share with expiry dates between May 21, 2018 and May 27, 2021 and were amended to have an exercise price of \$0.05 per share.

<sup>(ii)</sup> During the year ended January 31, 2015, the fair value of 760,000 cancelled options of \$59,891 was reclassified from reserves to deficit.

The following table summarizes the stock options outstanding as at April 30, 2015:

Exercise Price \$	Number of Options Outstanding	Expiry Date	Number of Options Exercisable
0.05	100,000	August 31, 2020	100,000
0.05	34,000	October 7, 2020	34,000
0.05	320,000	May 27, 2021	320,000
0.05	760,000	June 17, 2024	760,000
	<b>1,214,000</b>		<b>1,214,000</b>

During the three months ended April 30, 2015, the Company recorded share-based payments of \$Nil (2014 – \$2,576) for the repricing of stock options during the period.

The fair values of the stock options granted and repriced were estimated using the Black-Scholes option pricing model, with the following assumptions made for the three months ended April 30, 2015:

	2015	2014
Risk free interest rate	-	1.31% to 1.98%
Expected dividend yield	-	0%
Expected stock price volatility	-	89% to 122%
Expected life (in years)	-	3 to 6 years

The weighted average fair value of options granted and vested during the three months ended April 30, 2015 was \$Nil (2014 - \$0.04) per option.

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Three Months Ended April 30, 2015 and 2014  
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## NOTE 4 – SHARE CAPITAL (Continued)

### (c) Share-Based Payments (Continued)

Option pricing models require the input of highly subjective assumptions. The volatility assumption is based on an analysis of historical volatility over a year equivalent to the expected life of the equity instruments. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of stock options.

### (d) Charitable options

As at April 30, 2015, the Company has 105,000 outstanding charitable stock options exercisable at \$0.10 and expire on May 26, 2018.

## NOTE 5 – RELATED PARTY TRANSACTIONS

### (a) Related Party Transactions

The Company incurred the following transactions with companies having directors and officers in common:

	Three months ended April 30,	
	2015	2014
	\$	\$
Office, rent and administration expense <sup>(i)</sup>	-	15,750

<sup>(i)</sup> Of these fees, \$Nil (2014 - \$4,500) was allocated to the services of the CFO of the Company (Note 4(b)(i)).

### (b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the three months ended April 30, 2015 and 2014 were as follows:

	Three months ended April 30,	
	2015	2014
	\$	\$
Short-term benefits <sup>(i)</sup>	-	4,500

<sup>(i)</sup> Short-term benefits include salaries and management fees paid directly to key management.

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Notes to the Condensed Interim Financial Statements  
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Three Months Ended April 30, 2015 and 2014  
(Unaudited)

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## NOTE 5 – RELATED PARTY TRANSACTIONS (Continued)

### (c) Related Party Balances

The following related party amounts were included in (i) accounts payable and accrued liabilities and (ii) Loans payable:

	April 30, 2015 \$	January 31, 2015 \$
Company having directors in common (i)	1,116	1,116
Directors (ii)	22,457	21,813
	<hr/>	<hr/>
	23,573	22,919
	<hr/>	<hr/>