

ACME RESOURCES CORP.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010 AND 2009

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FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010 AND 2009

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## AUDITORS' REPORT

To the Shareholders of  
ACME Resources Corp.:

We have audited the balance sheets of ACME Resources Corp. (the “Company”) as at September 30, 2010 and 2009 and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, November 1, 2011

(Signed) “*Edmund Cachia & Co. LLP*”

CHARTERED ACCOUNTANTS

Licensed Public Accountants

## ACME RESOURCES CORP.

## BALANCE SHEETS

SEPTEMBER 30

## ASSETS

	2010	2009
CURRENT		
Cash (note 11)	\$ 241,887	\$ 78,194
Accounts receivable	6,447	2,080
Deferred financing costs (note 5)	<u>          -</u>	<u>83,618</u>
	<u>\$ 248,334</u>	<u>\$ 163,892</u>

## LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 11,883	\$ 24,076

## SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 4 (a))	260,804	150,000
CONTRIBUTED SURPLUS (note 12)	65,787	-
DEFICIT	<u>( 90,140)</u>	<u>( 10,184)</u>
	<u>236,451</u>	<u>139,816</u>
	<u>\$ 248,334</u>	<u>\$ 163,892</u>

INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN (note 1)

Approved by the Board:

          "Paul Ankcorn"          , Director

          "Brian Cloney"          , Director

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

## ACME RESOURCES CORP.

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT  
FOR THE YEARS ENDED SEPTEMBER 30

	2010	2009
EXPENSES		
Corporate development	\$ 8,848	\$ 6,273
Office and general	73	-
Professional fees	16,736	-
Stock-based compensation (note 4 (b))	51,592	-
Regulatory and filing fees	<u>2,707</u>	<u>532</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	79,956	6,805
DEFICIT AT BEGINNING OF THE YEAR	<u>10,184</u>	<u>3,379</u>
DEFICIT AT END OF THE YEAR	<u>\$ 90,140</u>	<u>\$ 10,184</u>
Basic and diluted loss per common share	<u>\$ 0.03</u>	<u>\$ 0.00</u>
Weighted average number of common shares outstanding	<u>2,407,473</u>	<u>1,500,000</u>

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

ACME RESOURCES CORP.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30

	2010	2009
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Net loss for the year	(\$ 79,956)	(\$ 6,805)
Item not affecting cash:		
Stock-based compensation	51,592	-
Net changes in working capital balances:		
Increase in accounts receivable	( 4,367)	( 2,080)
(Decrease) increase in accounts payable and accrued liabilities	<u>( 12,193)</u>	<u>19,076</u>
Cash provided by (used in) operations	<u>( 44,924)</u>	<u>10,191</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>		
Issue of common shares	270,390	-
Share issue costs	<u>( 61,773)</u>	<u>( 46,555)</u>
Cash provided by (used in) financing	<u>208,597</u>	<u>( 46,555)</u>
<b>INCREASE (DECREASE) IN CASH POSITION</b>	<b>163,693</b>	<b>( 36,364)</b>
<b>CASH POSITION AT BEGINNING OF THE YEAR</b>	<b><u>78,194</u></b>	<b><u>114,558</u></b>
<b>CASH POSITION AT END OF THE YEAR</b>	<b><u>\$ 241,887</u></b>	<b><u>\$ 78,194</u></b>
<b>Supplementary disclosure of non-cash item:</b>		
Fair value of agent's options (note 4 (c))	<u>\$ 14,195</u>	<u>\$ -</u>

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

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 1. INCORPORATION, NATURE OF OPERATIONS AND GOING CONCERN:

ACME Resources Corp. (the "Company") was incorporated by articles of incorporation under *the Business Corporations Act* of Ontario on February 27, 2008.

The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company has no significant assets other than cash and proposes to identify, and evaluate potential acquisitions or businesses and, once evaluated, proposes to negotiate an acquisition or participation (the "Qualifying Transaction") subject to receipt of regulatory and, if required, shareholder approval. Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation and complete a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

The Company filed its prospectus for an Initial Public Offering ("IPO" or "Offering") on October 30, 2009. It completed its IPO on January 28, 2010 (note 4(a)) and commenced trading on the TSX Venture Exchange (Tier 2) thereafter under the symbol ACY.P.

The Company has not commenced operations at September 30, 2010.

As at September 30, 2010, the Company has not yet identified a company or assets for a potential Qualifying Transaction. Such an acquisition will be subject to shareholder and regulatory approval. The Company may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. These circumstances lend significant doubt as to the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES:

## MEASUREMENT UNCERTAINTY:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Precise determination of amounts of some assets and liabilities is dependent on future events. This requires that management make estimates in the preparation of financial statements. Actual results could vary from the estimates.

Management has made a number of significant estimates and valuation assumptions, including the collectability of accounts receivable, the fair value of stock-based compensation and agent's options, the value ascribed to accrued liabilities and the valuation allowance for future income tax assets. These estimates and assumptions are based on present conditions and management's planned course of action as well as assumptions about future business and economic conditions. Should the underlying estimates change, the recorded amounts could change by a material amount.

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

## CASH:

Cash consists of deposits held in trust for the Company by the Company's lawyers as well as deposits held at a Canadian Chartered bank.

## FUTURE INCOME TAXES:

Future income tax assets and liabilities are determined based on differences between the financial statements carrying values and their respective income tax basis generally using the enacted income tax rates at each balance sheet date. Future income tax assets also arise from unused loss carry forwards and other deductions. The amount of the future income tax asset recognized is limited to the amount that is more likely than not to be realized. The estimated realizable amount is reviewed annually and adjusted, if necessary, by use of a valuation allowance.

## IMPAIRMENT OF LONG-LIVED ASSETS:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

## STOCK-BASED COMPENSATION:

The Company has a stock option plan as described in note 4 (b). When options to purchase shares are granted to employees or directors, the fair value of the options on the date of the grant is recognized as a compensation expense, with a corresponding increase in contributed surplus, over the period during which the related options vest. When options to purchase shares are granted to non-employees in return for goods or services, the fair value of the options granted is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received. The consideration received on the exercise of share options is credited to share capital. When options are exercised, previously recorded compensation is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

## LOSS PER SHARE:

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options are used to redeem common shares at the prevailing market value. Diluted loss per share is not presented when the effect of the computations are anti-dilutive due to losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.



## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

## SHARE CAPITAL:

Costs incurred to issue common shares are deducted from share capital.

## DEFERRED COSTS:

Costs related to shares not yet issued are recorded as deferred costs. Deferred costs consist primarily of corporate finance and professional fees. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued. Any financing costs which do not directly relate to the issuance of shares are expensed as incurred.

## FINANCIAL ASSETS AND LIABILITIES:

## Assets or liabilities held-for-trading -

Financial instruments classified as assets or liabilities held for trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period in which the change occurs.

## Held-to-maturity investments, loans and receivables and other financial liabilities -

Financial instruments classified as loans and receivables, held-to-maturity investments and other financial liabilities are carried at amortized costs using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument.

## Available-for-sale -

Financial instruments classified as available for sale are recorded at fair value at each balance sheet date and any change in fair value is recognized in other comprehensive income in the period in which these changes occur. Securities classified as available-for-sale and with no quoted market price in an active market are carried at cost. Available-for-sale securities are written down to fair value (impairment recognized in income) when it is necessary to reflect an other-than-temporary impairment. Upon derecognition, any accrued gains or losses in accumulated other comprehensive income are then recognized in net income (loss).

## CLASSIFICATION OF FINANCIAL INSTRUMENTS:

The Company designates its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities, which are classified as other financial liabilities, are initially measured at fair value and subsequently carried at amortized cost.

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

## COMPREHENSIVE INCOME:

This standard incorporates rules for the reporting and display of comprehensive income. Comprehensive income represents a change in shareholders' equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining foreign operations.

## CAPITAL DISCLOSURES:

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by this Handbook section in note 7 to these financial statements.

## FINANCIAL INSTRUMENTS - DISCLOSURE AND PRESENTATION:

Sections 3862 and 3863 of the CICA Handbook replace Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by this section in note 8 to these financial statements.

## ADOPTION OF NEW ACCOUNTING STANDARDS

## CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

In January 2009, the CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments. The transitional provisions resulting from the implementation of EIC 173 require the abstract to be applied retrospectively without restatement of prior periods. The Company adopted this EIC effective January 20, 2009. The adoption of the EIC did not have a significant impact on the Company's financial statements.

## FINANCIAL INSTRUMENTS - DISCLOSURE AND PRESENTATION:

Handbook Section 3862, Financial Instruments – Disclosures, was amended to revise standards for the disclosure of financial instruments. The new standard establishes a three-tier hierarchy as a framework for disclosing the fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

FINANCIAL INSTRUMENTS - DISCLOSURE AND PRESENTATION (continued):

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Financial instruments classified as level 1 – quoted prices in active markets include cash. The Company does not have any additional financial assets or liabilities carried at fair value.

## 3. FUTURE ACCOUNTING AND REPORTING CHANGES:

*Business Combinations, Non-controlling Interest and Consolidated Financial Statements:*

In January 2009, the CICA issued CICA Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidations”, and Section 1602, “Non-controlling Interests”. These sections replace the former CICA Handbook Section 1581, “Business Combinations” and Section 1600, “Consolidated Financial Statements” and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard (“IFRS”) 3, “Business Combinations” (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, “Consolidated and Separate Financial Statements” (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

The Company does not expect that the adoption of these sections will have a significant impact on its financial statements.

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 3. FUTURE ACCOUNTING AND REPORTING CHANGES (continued):

*International Financial Reporting Standards ("IFRS"):*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over an expected five year transitional period. The AcSB announced in February 2008 that 2011 will be the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2012. The Company has begun an internal diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## 4. SHARE CAPITAL:

## a) Common shares:

Authorized:

Unlimited number of common shares

Issued and outstanding:

	2010		2009	
	Shares	Amount	Shares	Amount
Balance, beginning of the year	1,500,000	\$ 150,000	1,500,000	\$ 150,000
Initial Public Offering (see below)	1,351,950	270,390	-	-
Share issue cost	-	( 159,586)	-	-
Balance, end of the year	<u>2,851,950</u>	<u>\$ 260,804</u>	<u>1,500,000</u>	<u>\$ 150,000</u>

*Initial Public Offering*

On January 28, 2010, the Company completed its Initial Public Offering ("IPO") through its agent, Integral Wealth Securities Limited, of 1,351,950 common shares for gross proceeds of \$270,390. The Company paid the agent a cash commission of \$27,039 and a corporate finance fee of \$10,000, reimbursed the agent for legal fees and other direct expenses of \$10,150, and issued Agents' options to acquire up to 135,195 common shares at \$0.20 per share exercisable until the close of business on January 28, 2012.

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 4. SHARE CAPITAL (continued):

## a) Common shares (continued):

*Escrowed Shares*

During the period ended September 30, 2008, the Company issued 1,500,000 common shares at a price of \$0.10 per share for total proceeds of \$150,000 received in cash. In accordance with the requirement of the Exchange these common shares are held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow following issuance of the Final Exchange Bulletin by the Exchange as to completion of the Qualifying Transaction as defined by Exchange policies, and 15% will be released every six months following the initial release over a period of thirty six months, unless otherwise permitted by the Exchange.

## b) Stock options and stock-based compensation:

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V.

Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The following summarizes the stock options that have been granted, exercised, forfeited or cancelled during the years ended September 30, 2010 and 2009:

	Number of options	Weighted average exercise price
Balance, October 1, 2008 and 2009	-	\$ -
Granted	285,194	0.20
Forfeited or cancelled	-	-
Exercised	-	-
Balance, September 30, 2010	285,194	\$ 0.20

The following table summarizes the options outstanding and exercisable at September 30, 2010:

Number of Options	Exercise Price	Expiry Date
285,194	0.20	January 28, 2020

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 4. SHARE CAPITAL (continued):

## b) Stock options and stock-based compensation (continued):

During the year ended September 30, 2010, the Company granted 285,194 (2009 – Nil) fully vested stock options to directors and officers. The estimated fair value of these options was \$0.18 (2009 - \$Nil). The estimated total fair value of vested stock options during the year is \$51,592 (2009 - \$Nil). This amount has been expensed as stock-based compensation in the statement of loss, comprehensive loss and deficit with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following assumptions were used for the Black-Scholes valuation of stock options granted and vested during the years ended September 30, 2010 and 2009:

	2010	2009
Risk-free interest rate	3.33%	-
Expected life	10 years	-
Price volatility	100%	-
Dividend yield	0.00%	-

## c) Agent's options:

Agent's option transactions and the number of agent's options outstanding are summarized as follows:

	Number of Agent's options	Weighted average exercise price
Balance, October 1, 2008 and 2009	-	\$ -
Granted	135,195	0.20
Forfeited or cancelled	-	-
Exercised	-	-
Balance, September 30, 2010	135,195	\$ 0.20

In connection with the IPO, the Company granted to its agent non-transferable options to purchase up to 135,195 common shares at \$0.20 per share; these options expire January 28, 2012 and they have been valued at \$14,195 using the Black-Scholes option pricing model.

The following assumptions were used for the Black-Scholes valuation of agent's stock options granted during the years ended September 30, 2010 and 2009:

	2010	2009
Risk-free interest rate	1.18%	-
Expected life	2 years	-
Price volatility	100%	-
Dividend yield	0.00%	-

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

## 5. DEFERRED FINANCING COSTS:

Deferred costs consisting of professional and agent fees were incurred during the year ended September 30, 2009 in connection with the IPO (note 4 (a)). These costs were charged against share capital upon the issuance of the shares in regards to the IPO.

## 6. INCOME TAXES:

(a) The Company's provision for income taxes differ from the amounts computed by applying the basic current tax rates to loss for the year before taxes, as shown in the following table:

	2010	2009
Statutory rate applied to loss for the year before income taxes	(\$ 24,786)	(\$ 2,246)
Increase (decrease) in taxes resulting from:		
Non-deductible item	1,172	1,035
Stock-based compensation	15,993	-
Share issue cost	( 9,894)	-
Deductible deferred financing costs	-	( 5,519)
Loss not tax-benefited	<u>17,515</u>	<u>6,730</u>
	<u>\$ -</u>	<u>\$ -</u>

(b) The tax effects of temporary differences that give rise to future income tax assets at September 30, 2010 and September 30, 2009 are as follows:

	2010	2009
Future tax asset:		
Non-capital losses	\$ 26,039	\$ 7,287
Share issue cost	32,715	22,075
Less: valuation allowance	<u>( 58,754)</u>	<u>( 29,362)</u>
Net asset	<u>\$ -</u>	<u>\$ -</u>

(c) The Company has non-capital losses of approximately \$84,000 which expire through 2030. The benefit of these losses has not been recognized for financial statements purposes.

(d) During the year, the Company paid \$nil (2009- \$nil) in respect of income taxes.

## 7. CAPITAL MANAGEMENT:

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2010, the Company's shareholders' equity was \$236,451 (September 30, 2009- \$139,816) and it had no outstanding long-term debt. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

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## 7. CAPITAL MANAGEMENT (continued):

The Company's sole source of capital has been from the issuance of common shares. The net proceeds raised may only be used (with the exception of certain permitted uses of funds by a capital pool company to cover prescribed costs of issuing shares and administrative and general expense – see note 11) to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

## 8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS:

## Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are comparable to their carrying value due to the relatively short period to maturity of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

## Credit risk -

The Company's credit risk is primarily attributable to cash and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consist of deposits held in trust with the Company's lawyers and deposits held with a Chartered Canadian bank, from which management believes the risk of loss is remote. Other credit risk arises primarily from GST receivable. Management believes that credit risk with respect to receivables is minimal.

## Liquidity risk -

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company currently has current liabilities of \$11,883 (September 30, 2009- \$24,076) and current assets of \$248,334 (September 30, 2009- \$163,892). The ability of the Company to maintain its working capital (in the amount of \$236,451 (September 30, 2009- \$139,816)) is dependant on its ability to secure additional equity or other financings.

## Market risk -

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

## i) Interest rate risk

The Company has cash balances and no interest bearing debt. As of September 30, 2010, the Company is not exposed to any significant interest rate risk.



## ACME RESOURCES CORP.

## NOTES TO FINANCIAL STATEMENTS

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## 8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued):

## ii) Foreign currency risk

The Company does not have assets or liabilities denominated in foreign currencies.

## iii) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

## 9. RELATED PARTY TRANSACTIONS:

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

Related party transactions are disclosed below, unless they have been disclosed elsewhere in the financial statements.

During the year ended September 30, 2010, an officer of the Company was reimbursed at cost for corporate development costs amounting to \$7,559 (year ended September 30, 2009 - \$6,273).

## 10. SEGMENTED INFORMATION:

The Company is a Capital Pool Company with its principle business being the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the Exchange. All of the Company's assets and expenses are in Canada.

## 11. CASH:

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets of businesses for future investment, with the exception that the lesser of 30% of the gross proceeds and \$210,000 may be used to cover prescribed costs of issuing the common shares, other than Agent Commissions and fees, and general and administrative expense of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

As at September 30, 2010, the Company was in full compliance with restrictions on the use of proceeds raised from the issuance of share capital which have been imposed by the Exchange.

ACME RESOURCES CORP.  
NOTES TO FINANCIAL STATEMENTS  
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12. CONTRIBUTED SURPLUS:

Contributed surplus is comprised of the following:

	2010	2009
Balance, beginning of the year	\$ -	\$ -
Fair value of stock options granted to officers and directors (note 4 (b))	51,592	-
Fair value of agent's options issued (note 4 (c))	<u>14,195</u>	<u>-</u>
Balance, end of the year	<u>\$ 65,787</u>	<u>\$ -</u>

13. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not affect net loss and comprehensive loss for the previous year.