
Triumph Ventures III Corporation

(a capital pool corporation)

Condensed Interim Financial Statements

For the nine months ended April 30, 2012

(unaudited)

Triumph Ventures III Corporation

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Note to Reader

The accompanying unaudited condensed interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these condensed interim financial statements.

| Triumph Ventures III Corporation | | | | |
|--|---|-------------------|--|-------------------|
| (a capital pool company) | | | | |
| Condensed Interim Balance Sheet | | | | |
| As At April 30, 2012 (unaudited) with Comparative Figures as at July 31, 2011 (audited) | | | | |
| | | April 30, 2012 | | Jul 31, 2011 |
| | | (unaudited) | | (audited) |
| Current Assets | | | | |
| | Cash | 274,861 | | 114,976 |
| | Other Receivables | 3,490 | | |
| Deferred Share Issuance Costs | | | | |
| | | - | | 42,475 |
| Total Assets | | \$ 278,351 | | \$ 157,451 |
| Liabilities | | | | |
| | Accounts Payable and Accrued Liabilities (note 5) | 7,669 | | 42,451 |
| Total Liabilities | | 7,669 | | 42,451 |
| Shareholders' Equity | | | | |
| | Capital Stock (note 6) | 419,578 | | 115,000 |
| | Contributed Surplus (note 6) | 4,596 | | - |
| | Retained Earnings | (153,492) | | - |
| Total Shareholders' Equity | | 270,682 | | 115,000 |
| Total Liabilities and Shareholders' Equity | | \$ 278,351 | | \$ 157,451 |

The accompanying notes are an integral part of these financial statements

| Triumph Ventures III Corporation | | | | | | |
|---|--------------------------------------|---------------------|------------------|------------------------|------------------|----------------|
| (a capital pool company) | | | | | | |
| Condensed Interim Statement of Changes in Equity | | | | | | |
| For the period from the date of incorporation (January 19, 2011) to April 30, 2012 (unaudited) | | | | | | |
| | | Number of Shares | Capital Stock | Contributed Surplus | Deficit | Total Equity |
| | | | \$ | \$ | \$ | \$ |
| As at January 19, 2011 | | - | - | | | - |
| | Issuance of Capital Stock | 1,150,000 | 115,000 | | | 115,000 |
| Total Equity as at July 31, 2011 (audited) | | 1,150,000 | 115,000 | - | - | 115,000 |
| | Issuance of Capital Stock in the IPO | 1,765,691 | 353,137 | | | 353,137 |
| | Financing Costs | | (43,963) | | | (43,963) |
| | Agent Warrants (note 6) | | (4,596) | 4,596 | | - |
| | Loss for the Period | | | | (153,492) | (153,492) |
| Total Equity as at April 30, 2012 (unaudited) | | 2,915,691 | 419,578 | 4,596 | (153,492) | 270,682 |

The accompanying notes are an integral part of these financial statements

| Triumph Ventures III Corporation | | | | |
|--|---|--|--|--|
| (a capital pool company) | | | | |
| Condensed Interim Statement of Loss and Comprehensive Loss | | | | |
| For the 9-month periods ended April 30, 2012 (Unaudited) and April 30, 2011 (unaudited) | | | | |
| | | | 9 Months Ended April 30, 2012 (unaudited) | 9 Months Ended April 30, 2011 (unaudited) |
| Expenses | | | | |
| | General and Administrative | | 96,142 | - |
| | Professional Fees | | 57,350 | - |
| | Loss for the period | | <u>\$ 153,492</u> | <u>\$ -</u> |
| | Loss per share, basic and diluted (note 10) | | \$ 0.1076 | \$ - |

The accompanying notes are an integral part of these financial statements

| Triumph Ventures III Corporation | | | | |
|---|---|--|--|--|
| (a capital pool company) | | | | |
| Condensed Interim Statement of Loss and Comprehensive Loss | | | | |
| For the 3-month periods ended April 30, 2012 (unaudited) and April 30, 2011 (unaudited) | | | | |
| | | | 3 Months Ended April 30, 2012 (unaudited) | 3 Months Ended April 30, 2011 (unaudited) |
| Expenses | | | | |
| | General and Administrative | | 96,142 | - |
| | Professional Fees | | 57,350 | - |
| | Loss for the period | | <u>\$ 153,492</u> | <u>\$ -</u> |
| | Loss per share, basic and diluted (note 10) | | \$ 0.1076 | \$ - |

The accompanying notes are an integral part of these financial statements

| Triumph Ventures III Corporation | | | | |
|--|--|--|--|--|
| (a capital pool company) | | | | |
| Condensed Interim Statement of Cash Flows | | | | |
| For the 9-month periods ended April 30, 2012 (unaudited) and April 30, 2011 (unaudited) | | | | |
| | | | 9 Months Ended April 30, 2012 (unaudited) | 9 Months Ended April 30, 2011 (unaudited) |
| Cash Provided by (Used in) | | | | |
| Operations | | | | |
| | Loss for the period | | (153,492) | - |
| | Increase in other receivables | | (3,490) | - |
| | Decrease in accounts payable and accrued liabilities | | (34,782) | - |
| | Decrease in share issuance costs | | 39,225 | - |
| Financing | | | | |
| | Issuance of capital stock, net of issuance costs | | 312,424 | 5,000 |
| | Increase in cash during the period | | \$ 159,885 | \$ 5,000 |
| | Opening Cash Balance | | 114,976 | - |
| | Cash at end of period | | \$ 274,861 | \$ 5,000 |

The accompanying notes are an integral part of these financial statements

1. NATURE OF THE CORPORATION

Triumph Ventures III Corporation. (the "Company" or "Triumph") was incorporated under the Business Corporations Act (Ontario) on January 19, 2011 and is classified as a Capital Pool Corporation ("CPC") as defined in TSX Venture Exchange Inc. (the "Exchange"). On February 29, 2012 the Corporation completed its initial public offering. The Company began trading on March 15, 2012 under the symbol TSX:TVP.P

The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange policy 2.4.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The head office, principal address and records office of the Company are located at 44 Greystone Crescent, Georgetown, Ontario, Canada, L7G 1G9. The Company's registered address is 44 Greystone Crescent, Georgetown, Ontario, Canada, L7G 1G9.

On June 18, 2012, the Board of Directors approved the financial statements for the period ended April 30, 2012.

2. BASIS OF PRESENTATION

Statement of Compliance

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The IAS 34 interim financial statements do not include all of the information required for annual financial statements.

The policies applied in the Company's interim financial statements are based on IFRS effective as of June 18, 2012, the date the Board of Directors approved the statements.

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. BASIS OF PRESENTATION (Cont'd)

The 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 if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions that management has made that would result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but are not limited to inputs used in assessment of warrants and options

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

| Financial Instrument | Classification |
|--|-----------------------|
| Cash | FVTPL |
| Accounts Payable and Accrued liabilities | Other liabilities |

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Stock Based Payments

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

For equity settled share-based payment transactions, the Company measures goods and services received and the corresponding increase in equity, directly, at the fair value of the goods and services received, unless the fair value cannot be estimated reliably, in which case, the Company measures their value and the corresponding increase in equity, indirectly by reference to the fair value of the equity instruments granted.

Comprehensive Income (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 net profit such as unrealized gains or losses on available-for-sale investments and gains or losses on certain derivative instruments. To date there has not been any other comprehensive income (loss) and accordingly, a statement of comprehensive income (loss) has not been presented.

Deferred Share Issuance Costs

These costs relate directly to the proposed issuance of shares by the Company, as disclosed in Note 6. Upon completion of the initial public offering, the costs will be charged against capital stock.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to the common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options that may add to the total number of common shares. Contingently issuable shares (seed shares) are not considered outstanding common shares and consequently not included in the loss per share calculations.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

- (i) IFRS 9 *Financial Instruments* was issued by the IASB in October 2010 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.
- (ii) IFRS 10 *Consolidated Financial Statements* was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 *Consolidation—Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements* and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- (iii) IFRS 11 *Joint Arrangements* was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (iv) IFRS 12 *Disclosure of Interests in Other Entities* was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (v) IFRS 13 *Fair Value Measurement* was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRSs and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB's Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRSs and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (vi) IAS 1 *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

4. CASH RESTRICTION

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Triumph Ventures III Corporation
(a capital pool corporation)
Notes to Condensed Interim Financial Statements
April 30, 2012

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Accounts Payable and Accrued Liabilities are broken down as follows:

| | April 30, 2012 | July 31, 2011 |
|-----------------------------------|-----------------------|----------------------|
| Accrued and billed audit expenses | 6,000 | 8,500 |
| Accrued and billed legal expenses | 1,669 | 33,951 |
| | <u>\$ 7,669</u> | <u>\$ 42,451</u> |

6. CAPITAL STOCK

a) Authorized
Unlimited common shares

b) Issued

| | Number of Shares | Common Stock \$ |
|--|---------------------|-----------------------|
| As at January 19, 2011 | - | - |
| Issuance of Capital Stock | 1,150,000 | 115,000 |
| Total Equity as at July 31, 2011 (audited) | <u>1,150,000</u> | <u>115,000</u> |
| Issuance of Capital Stock in the IPO | 1,765,691 | 353,137 |
| Financing Costs | | (43,964) |
| Agent warrants | | (4,596) |
| Total Equity as at April 30, 2012 (unaudited) | <u>2,915,691</u> | <u>419,577</u> |

The Company has issued 1,150,000 seed shares which are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow upon completion of a Qualifying Transaction by the Company and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

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April 30, 2012

c) Initial public offering

On February 29, 2012, the Company completed an initial public offering of 1,765,691 common shares at a price of \$0.20 per share for gross proceeds to the Company of \$353,137 to purchasers in Ontario, Alberta and British Columbia. The agent received a cash commission and an option to acquire 10% of the aggregate numbers of shares sold pursuant to the offering for a period of 24 months from the date of listing of the common shares on the TSX Venture Exchange at an exercise price of \$0.20 per common share. The fair value of the agent warrants was estimated to be \$4,596 and the weighted average fair value per option was \$0.026. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate 1.29%
- Dividend yield NIL
- Expected volatility (i) 100%
- Expected option life 2 years

(i) *As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other corporations with similar operations.*

The issued and outstanding agent warrants of the Company are as follows:

| | Number of Warrants | Weighted average exercise price |
|------------------|--------------------|---------------------------------|
| Granted to Agent | 176,569 | \$ 0.20 |

d) Officers and Directors' options

On February 29, 2012, the Company granted an aggregate of 275,476 stock options to purchase common shares to its directors and officers, exercisable at a price of \$0.20 per common share for a period of five years from the date of grant. The fair value of the stock options was estimated to be \$10,375 and the weighted average fair value per option was \$0.038. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate 2.60%
- Dividend yield NIL
- Expected volatility (i) 100%
- Expected option life 5 years

(i) *As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other corporations with similar operations.*

**All options are exercisable into one common share*

Triumph Ventures III Corporation
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The options vest as follows:

| Date | Percentage of Options Vesting | Number of Options Vesting |
|---------------|-------------------------------|---------------------------|
| March 1, 2013 | 33.3% | 91,825 |
| March 1, 2014 | 33.3% | 91,825 |
| March 1, 2015 | 33.3% | 91,826 |

The issued and outstanding stock options to acquire common shares of the Company are as follows:

| | Number of Stock Options | Weighted average exercise price |
|-----------------------------------|-------------------------|---------------------------------|
| Granted to directors and officers | 275,476 | \$ 0.20 |

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, contributed surplus and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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As at April 30, 2012, the Company has accrued liabilities of \$7,669 due within 12 months and has cash of \$274,861 to meet its current obligations. As a result the Company has minimal liquidity risk.

8. PROPOSED QUALIFYING TRANSACTION

On April 3, 2012, the Company signed a non-binding letter of intent (the "LOI") with Altitude Resources Ltd., a corporation existing under the laws of Alberta ("Altitude"), which outlines the general terms and conditions pursuant to which Triumph and Altitude would be willing to complete a transaction that will result in a reverse take-over of Triumph by the shareholders of Altitude (the "Transaction"). The LOI was negotiated at arm's length and is effective as of April 2, 2012.

The LOI is to be superseded by a definitive merger, amalgamation or share exchange agreement (the "Definitive Agreement") to be signed on or before May 15, 2012 (or such other date as may be mutually agreed in writing between Triumph and Altitude). The Transaction is subject to requisite regulatory approval, including the approval of the TSX Venture Exchange (the "TSXV") and standard closing conditions, including the approval of the directors of each of Triumph and Altitude of the Definitive Agreement and completion of due diligence investigations to the satisfaction of each of Triumph and Altitude, as well as the conditions described below. The legal structure for the Transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies, however, it is currently contemplated that the transaction will be structured as a securities exchange

Altitude is an Alberta company incorporated on August 19, 2010. The company has its head office located in Calgary. Altitude holds six coal licenses in the Hinton area of west central Alberta (the "Palisades Coal Property"). According to the Resource Report for the Palisades Coal Property dated November 28, 2011 by Robert F. Engler, P. Geol. and Robert J. Morris, M. Sc., P. Geol. at Moose Mountain Technical Services (the "Technical Report"), the Palisades Coal Property has the potential to host significant coal resources and is a property of merit, worthy of further exploration.

Prior to completion of the Transaction (and as conditions of closing):

- Altitude must complete a subscription receipt financing (the "Offering") for minimum gross proceeds of not less than \$1,500,000. It is expected that the gross proceeds of the Offering will be held in escrow by a third party escrow agent, and the subscription receipts will convert into units of Altitude, each consisting of one common share (a "Altitude Share") and one-half of one common share purchase warrant (each whole warrant, a "Altitude Warrant") of Altitude immediately prior to the closing of the Transaction and exchanged into corresponding securities of Triumph in accordance with the Exchange Ratio (as defined herein). Further details regarding the Offering will be included in a subsequent press release once additional details become available.
- The parties will prepare a filing statement in accordance with the rules of the TSXV, outlining the terms of the Transaction.
- Altitude and Triumph will enter into a Definitive Agreement in respect to the Transaction on or before May 15, 2012.
- Altitude will obtain the requisite shareholder approvals for the Transaction and any ancillary matters contemplated in the Definitive Agreement.
- All requisite regulatory approvals relating to the Transaction, including, without limitation, TSXV approval, will have been obtained.

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Prior to the Offering, Altitude shall have received previously contemplated seed financing in a total amount not exceeding \$500,000 for working capital and general corporate purposes.

9. RELATED PARTY TRANSACTION

Transactions with related parties are incurred in the normal course of the business and are measured at the exchange amounts which are the amounts of consideration established and approved by the related parties. During the period, the Company made share-based payments to the directors of the Company, no fair value has been recorded for the options granted as no portion of the options have vested as at April 30, 2012.

Legal fees, including disbursements, of \$63,022 and has been paid to a law firm in which one of directors of the Company is a partner (\$5,656 is included in Accounts Payable on the Balance Sheet and \$57,366 is included in expenses on the Statement of Loss and Comprehensive Loss).

10. LOSS PER SHARE

The calculation of basic cost diluted loss per share for the period ended April 30, 2012 was based on the loss attributable to common shareholders and the weighted average shares outstanding of April 30, 2012.

Diluted loss per share did not include the effect of 275,476 stock options and 176,569 broker warrants as they are anti-dilutive.