
Triumph Ventures III Corporation

(A Capital Pool Company)

Financial Statements

(Expressed in Canadian Dollars)

**For the Year Ended July 31, 2012 and for the Period From
Date of Incorporation (January 19, 2011) to July 31, 2011**

Triumph Ventures III Corporation

Index

Index	.....	Page 1
Independent Auditors' Report	.....	Page 2
Statements of Financial Position	.....	Page 3
Statements of Loss and Comprehensive Loss	.....	Page 4
Statements of Changes in Equity	.....	Page 5
Statements of Cash Flows	.....	Page 6
Notes to financial statements	.....	Pages 7 – 20

The accompanying notes are an integral part of these financial statements

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Triumph Ventures III Corporation

We have audited the accompanying financial statements of Triumph Ventures III Corporation which comprise the statements of financial position as at July 31, 2012 and July 31, 2011 and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended July 31, 2012 and for the period from date of incorporation (January 19, 2011) to July 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Triumph Ventures III Corporation as at July 31, 2012 and July 31, 2011 and its financial performance and its cash flows for the year ended July 31, 2012 and for the period from date of incorporation (January 19, 2011) to July 31, 2011 in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
September 12, 2012
Toronto, Ontario

Triumph Ventures III Corporation
(A Capital Pool Company)
Statements of Financial Position
(Expressed in Canadian Dollars)
As At

	July 31, 2012	July 31, 2011
Current Assets		
Cash (Note 4)	\$ 259,273	\$ 114,976
Deferred share issuance costs	<u>-</u>	<u>42,475</u>
Total assets	<u><u>\$ 259,273</u></u>	<u><u>\$ 157,451</u></u>
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 17,434</u>	<u>\$ 42,451</u>
Shareholders' equity		
Capital stock (Note 5)	304,112	115,000
Contributed surplus	28,910	-
Deficit	<u>(91,183)</u>	<u>-</u>
Total shareholders' equity	<u><u>241,839</u></u>	<u><u>115,000</u></u>
Total liabilities and shareholders' equity	<u><u>\$ 259,273</u></u>	<u><u>\$ 157,451</u></u>

Approved and authorized on behalf of the board on September 12, 2012:

"Pierre Gagnon" Director (Signed) "Peter Wanner" Director (Signed)

Triumph Ventures III Corporation
(A Capital Pool Company)
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Year Ended July 31, 2012 and For the Period
From Date of Incorporate (January 19, 2011) to July 31, 2011

	July 31, 2012	July 31, 2011
Expenses		
General and Administrative	\$ 68,032	\$ -
Professional Fees	12,810	-
Stock-based compensation (Note 5(c))	<u>10,341</u>	<u>-</u>
Net loss and comprehensive loss	<u><u>\$ 91,183</u></u>	<u><u>\$ -</u></u>
Basic and diluted loss per common share (Note 8)	<u><u>\$ 0.12</u></u>	<u><u>\$ -</u></u>
Weighted average number of common shares outstanding (Note 8)	<u><u>739,205</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

Triumph Ventures III Corporation
(A Capital Pool Company)
Statements of Changes in Equity
(Expressed in Canadian Dollars)
For the Year Ended July 31, 2012 and For the Period
From the Date of Incorporation (January 19, 2011) to July 31, 2011

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Total equity as at January 19, 2011 (Date of Incorporation)	-	\$ -	\$ -	\$ -	\$ -
Issuance of capital stock (Note 5(b))	1,150,000	115,000	-	-	115,000
Total equity as at July 31, 2011	1,150,000	\$ 115,000	\$ -	\$ -	\$ 115,000
Issuance of capital stock (Note 5(b))	1,765,691	353,138	-	-	353,138
Share issuance costs - cash (Note 5(b))	-	(145,457)	-	-	(145,457)
Share issuance costs - agent warrants (Note 5(b))	-	(18,569)	18,569	-	-
Fair value of options granted (Note 5(c))	-	-	10,341	-	10,341
Net loss for the period	-	-	-	(91,183)	(91,183)
Total equity as at July 31, 2012	2,915,691	\$ 304,112	\$ 28,910	\$ (91,183)	\$ 241,839

The accompanying notes are an integral part of these financial statements

Triumph Ventures III Corporation
(A Capital Pool Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Year Ended July 31, 2012 and for the Period From
Date of Incorporation (January 19, 2011) to July 31, 2011

	July 31, 2012	July 31, 2011
Cash flows from operating activities		
Net loss for the period	\$ (91,183)	\$ -
Items not affecting cash:		
Stock-based compensation	10,341	-
Changes in non-cash working capital items		
Accounts payable and accrued liabilities	17,458	-
Deferred share issuance costs	-	(24)
	(63,384)	(24)
Net cash used in operating activities		
Cash flows from financing activities		
Issuance of capital stock, net of issuance costs	207,681	115,000
Change in cash for period	\$ 144,297	\$ 114,976
Cash, beginning of the period	114,976	-
Cash, end of the period	\$ 259,273	\$ 114,976

The accompanying notes are an integral part of these financial statements

1. NATURE OF THE CORPORATION

Triumph Ventures III Corporation (the "Company") was incorporated under the Business Corporations Act (Ontario) on January 19, 2011 and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange Inc. (the "Exchange"). The Company began trading on the Exchange on March 15, 2012 under the symbol 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 24 month 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 Company is headquartered at 44 Greystone Crescent, Georgetown, Ontario, Canada, L7G 1G9.

2. BASIS OF PRESENTATION

Statement of Compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements for the year ended July 31, 2012 (including comparatives) were approved and authorized for issue by the board of directors on September 12, 2012.

The accounting policies applied in preparing the financial statements for the year ended July 31, 2012 and for the period from date of incorporation (January 19, 2011) to July 31, 2011 are set out in Note 3.

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)

Basis of Preparation (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 the valuation of warrants and options, and recognition of deferred income taxes.

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 all periods presented in these financial statements.

Financial Instruments

Financial assets and liabilities

The Company recognizes a financial asset or financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial Assets

The Company classifies financial assets into the following categories: fair value through profit and loss, loans and receivables, available-for-sale and held-to-maturity.

Fair value through profit and loss

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss.

The Company has classified cash as financial assets at FVTPL.

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

Loans and receivables

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

The Company has not classified any financial assets as loans and receivables.

Available-for-sale

Financial assets classified as available-for-sale as measured at fair value with any resultant gain or loss being recognized directly in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

The Company has not classified any financial assets as available-for-sale.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of HTM financial assets, including impairment losses, are recognized in profit or loss.

The Company has not classified any financial assets as HTM.

Impairment of financial assets

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 investment have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments by the borrower; or
- It becomes probable that the borrower will enter into bankruptcy or financial reorganization.

The carrying amount of the financial asset is directly reduced by any impairment loss.

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

Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

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

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

The Company classifies financial liabilities into the other financial liabilities category. Such financial liabilities are initially recognized 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.

Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments recorded at fair value through profit or loss (FVTPL)

Financial instruments measured at fair value on the statement of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements.

The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Cash which is recorded at FVTPL, is measured at Level 1 of the fair value hierarchy.

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

Stock-based payments

The fair value of stock 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 stock options that are expected to vest.

For equity-settled stock-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 measured 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.

Share issuance costs

Professional fees, consulting fees and other costs that are directly attributable to financing transactions are charged to capital stock when the related shares are issued.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

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 profit and 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.

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

Loss per share

Basic loss per share is calculated by dividing the loss for the period 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 dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Contingently issuable shares (shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

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.

Triumph Ventures III Corporation

(A Capital Pool Company)

Notes to Financial Statements

(Expressed in Canadian Dollars)

July 31, 2012 and July 31, 2011

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.

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. As at July 31, 2012 the Company had exceeded this limit.

Triumph Ventures III Corporation
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
July 31, 2012 and July 31, 2011

5. EQUITY INSTRUMENTS

- a) Authorized capital stock
 Unlimited common shares
- b) Issued capital stock

	Number of Shares	Capital Stock
As at January 19, 2011	-	\$ -
Issued for cash	<u>1,150,000</u>	<u>115,000</u>
As at July 31, 2011	1,150,000	\$ 115,000
Issued for cash (initial public offering)	1,765,691	353,138
Share issuance costs - cash	-	(145,457)
Share issuance costs - agent warrants	<u>-</u>	<u>(18,569)</u>
As at July 31, 2012	<u>2,915,691</u>	<u>\$ 304,112</u>

The Company issued 1,150,000 seed shares during the period from date of incorporation (January 19, 2011) to July 31, 2011, 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.

During fiscal 2012, the Company completed an initial public offering (“IPO”) of 1,765,691 common shares at a price of \$0.20 per share for gross proceeds to the Company of \$353,138. In connection with this IPO, the agent received a cash commission of 10% of the gross proceeds of \$35,314 and 176,569 agent warrants to acquire 10% of the aggregate number of shares sold, at an exercise price of \$0.20 per common share, expiring 24 months from the date of listing of the common shares on the TSX Venture Exchange. In the absence of a reliable measurement of the agent services received, the services have been measured at the fair value of the agent warrants issued. The fair value of the agent warrants granted of \$18,569 was calculated using the Black-Scholes option pricing model with the following assumptions:

Share Price	\$0.20
Risk free rate	1.11%
Dividend yield	NIL
Volatility ⁽ⁱ⁾	100%
Expected 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 companies with similar operations.

In connection with this IPO, other professional fees and consulting fees charged to share capital totaled \$110,143.

The accompanying notes are an integral part of these financial statements

5. EQUITY INSTRUMENTS (Cont'd)

c) Officers and Directors' options

The Company has a stock option plan to provide officers, directors, employees and consultants of the Company with options to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the minimum exercise price of the options is the market price of the Company's stock on the date of grant. The maximum term of the options is five years and the options generally vest over a three year period, or as determined by the Company's board of directors.

On March 2, 2012, the Company granted an aggregate of 274,526 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 and vesting over a three year period, resulting in stock-based compensation of \$10,341 for the fiscal year ended July 31, 2012 for the vested portion of these options granted. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	\$0.20
Risk-free rate	1.30%
Dividend yield	NIL
Expected volatility ⁽ⁱ⁾	100%
Expected option life	5 years
Fair value	\$40,901

(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 companies with similar operations.

The options vest as follows:

Date	Percentage of Options Vesting	Number of Options Vesting
March 2, 2013	33.4%	91,509
March 2, 2014	33.3%	91,509
March 2, 2015	33.3%	91,508

Triumph Ventures III Corporation
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
July 31, 2012 and July 31, 2011

5. EQUITY INSTRUMENTS (Cont'd)

The issued and outstanding stock options as at July 31, 2012 of the Company to acquire common shares is as follows:

	Number of Stock Options	Weighted average exercise price
Outstanding as at January 19, 2011 and July 31, 2011	-	\$ -
Granted to directors and officers	<u>274,526</u>	<u>0.20</u>
Outstanding at July 31, 2012	<u>274,526</u>	<u>\$ 0.20</u>

As at July 31, 2012 no stock options have vested and none are exercisable. These options expire on March 2, 2017.

d) The Company issued warrants to acquire common shares as follows:

	Number of Warrants	Weighted average exercise price
Outstanding at January 19, 2011 and July 31, 2011	-	\$ -
Granted (Note 5(b))	<u>176,569</u>	<u>0.20</u>
Outstanding and exercisable at July 31, 2012	<u>176,569</u>	<u>\$ 0.20</u>

The agent warrants outstanding and exercisable at July 31, 2012 expire on March 15, 2014.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company includes equity, comprised of issued capital stock, 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 capital stock or by securing strategic partners.

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

There has been no change with respect to the overall capital risk management strategy during the year ended July 31, 2012.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their 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.

As at July 31, 2012, the Company has current liabilities of \$17,434 due within 12 months and has cash of \$259,273 to meet its current obligations. As a result the Company has minimal liquidity risk.

7. RELATED PARTY TRANSACTION

Transactions with related parties are in the normal course of business and are measured at fair value. Related party transactions during the fiscal year ended July 31, 2012, consisted of incentive stock options granted to officers and directors of the Company, which resulted in recognition of stock-based compensation of \$10,341 (2011 - \$Nil). The Company considers its directors and officers to be key management personnel. Total compensation paid to key management during the year was \$10,341 (2011 - \$Nil), consisting of stock-based compensation.

During the year ended July 31, 2012, legal fees of \$62,358 (2011 - \$Nil), of which \$60,411 was recognized as a share issuance cost and \$1,947 was recognized through profit or loss, were charged to the Company by a law firm in which one of the directors of the Company is a partner. As at July 31, 2012, \$3,310 (2011 - \$5,701) of legal fees remained unpaid to this law firm and is included in accounts payable and accrued liabilities. Included in prior period deferred share issuance costs are \$5,701 of legal fees accrued to this law firm.

Triumph Ventures III Corporation
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
July 31, 2012 and July 31, 2011

8. LOSS PER SHARE

The calculation of basic and diluted loss per share was calculated by dividing the loss attributable to common shareholders of \$87,768 by the weighted average number of common shares outstanding during the year of 739,205, excluding contingently issuable shares. The diluted loss per share did not include the effect of the 274,526 stock options and 176,569 warrants as their effect on the diluted loss per share calculation would be anti-dilutive, as there was a net loss for the year.

Basic and diluted loss per share for the period from January 19, 2011 (date of incorporate) to July 31, 2011 is not presented as all shares outstanding were contingently issuable and therefore not considered to be outstanding for loss per share calculations.

9. INCOME TAXES

Provision for Income Taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 27.33% (2011 - 29.33%) to the net loss for the period due to the following:

	<u>2012</u>	<u>2011</u>
Loss before income taxes	<u>\$ (91,183)</u>	<u>\$ -</u>
Expected income tax recovery at average statutory rate	\$ (24,920)	\$ -
Stock-based compensation	2,826	-
Share issuance costs	(26,094)	(10,271)
Change in statutory rates and other	1,884	-
Change in deferred tax assets not recognized	<u>46,304</u>	<u>10,271</u>
	<u>\$ -</u>	<u>\$ -</u>

Triumph Ventures III Corporation
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
July 31, 2012 and July 31, 2011

9. INCOME TAXES (Cont'd)

Deferred Income Taxes

The components of the Company's deferred tax assets are a result of the origination and reversal of temporary differences and is comprised of the following:

	<u>2012</u>	<u>2011</u>
Deferred tax assets:		
Non-capital loss carry-forwards	\$ 25,875	\$ 1,092
Share issue costs and other	28,000	9,179
Deferred tax assets not recognized	<u>(56,575)</u>	<u>(10,271)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company has available for deduction against future taxable income non-capital losses of \$109,960 expiring as follows:

2031	\$ 4,367
2032	<u>109,933</u>
	<u>\$ 114,300</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize those benefits.

10. PROPOSED QUALIFYING TRANSACTION

On April 3, 2012, the Company signed a non-binding letter of intent (the "LOI") with Altitude Resources Ltd. ("Altitude"), a corporation existing under the laws of Alberta, which outlines the general terms and conditions pursuant to which the Company and Altitude would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Altitude (the "Transaction"). The LOI was negotiated at arm's length and was 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 between the Company and Altitude. The Transaction is subject to requisite regulatory approval, including the approval of the TSX Venture Exchange and standard closing conditions, including the approval of the directors of each of the Company and Altitude of the Definitive Agreement and completion of due diligence investigations to the satisfaction of each of the Company 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.

10. PROPOSED QUALIFYING TRANSACTION (Cont'd)

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 the Company in accordance with the Exchange Ratio (as defined herein).
- The parties will prepare a filing statement in accordance with the rules of the Exchange, outlining the terms of the Transaction.
- 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.

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.