Altitude Resources Inc.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended July 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Altitude Resources Inc.

We have audited the accompanying consolidated financial statements of Altitude Resources Inc. and its subsidiary, which comprise the consolidated statements of financial position as at July 31, 2013 and July 31, 2012 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended July 31, 2013 and July 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of Altitude Resources Inc. and its subsidiary as at July 31, 2013 and July 31, 2012 and its financial performance and its cash flows for the years ended July 31, 2013 and July 31, 2012 in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
November 28, 2013
Toronto, Ontario

Altitude Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at July 31,

	2013	2012
Assets		
Current		
Cash and cash equivalents	$ 2,442,840	$ 276,546
Amounts receivable	91,396	19,094
Prepaid expenses	213,131	-
Due from related parties (Note 6)	40,000	30,000
	2,787,367	325,640
Exploration and evaluation assets (Note 7)	682,852	240,239
Capital assets, net	15,792	-
	$ 3,486,011	$ 565,879
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 455,935	$ 119,680
Flow-through premium liability (Note 8)	200,947	-
	656,882	119,680
Shareholders' Equity		
Share capital (Note 9)	3,581,834	842,401
Warrants (Note 10)	590,504	-
Contributed surplus (Note 10)	30,761	-
Deficit	(1,373,970)	(396,202)
	2,829,129	446,199
	$ 3,486,011	$ 565,879

Nature of operations (Note 1)
Commitments and contingencies (Notes 7 and 13)
Subsequent event (Note 16)

Approved by the Board **"George W. Roberts"** Director **(Signed)** **"Gene Wusaty"** Director **(Signed)**

Altitude Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital Class "A" Voting Common Shares Number	Amount	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, August 1, 2011	100	$ 1	**$ -**	**$ -**	$ (97,980)	$ (97,979)
Common shares issued to founders (Note 6)	4,000,000	40,000	-	-	-	40,000
Common shares issued on conversion of loans from related parties (Note 6)	10,000,000	500,000	-	-	-	500,000
Common shares issued for cash	672,000	302,400	-	-	-	302,400
Net loss	-	-	-	-	(298,222)	(298,222)
Balance, July 31, 2012	14,672,100	$ 842,401	$ -	$ -	$ (396,202)	$ 446,199
Common shares issued for cash	24,000	10,800	-	-	-	10,800
Common shares issued on completion of RTO of Triumph Ventures III Corporation (Note 5)	1,457,845	714,344	22,193	-	-	736,537
Common shares for cash (non-flow through) (Note 9(a))	4,267,666	2,009,492	-	-	-	2,009,492
Common shares for cash (flow through) (Note 9(b))	1,373,186	805,866	-	-	-	805,866
Additional equity paid on completion of reverse-takeover of Triumph Ventures III Corporation (Note 9(c))	-	55,611	-	-	-	55,611
Flow-through share premium	-	(288,369)	-	-	-	(288,369)
Issue of warrants (Note 9(a) and (b))	-	(568,311)	568,311	-	-	-
Stock based compensation	-	-	-	30,761	-	30,761
Net loss	-	-	-	-	(977,768)	(977,768)
Balance, July 31, 2013	**21,794,797**	**$ 3,581,834**	**$ 590,504**	**$ 30,761**	**$(1,373,970)**	**$ 2,829,129**

Altitude Resources Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
Years Ended July 31,

		2013		2012
Expenses				
Salaries	**$**	**100,283**	$	17,696
General expenses		**358,990**		280,821
Stock based compensation		**30,761**		-
		490,034		298,517
Loss from operations		**(490,034)**		(298,517)
Other income (expenses)				
Interest income		**18,118**		295
Listing expense (Note 5)		**(593,274)**		-
Flow-through premium		**87,422**		-
		(487,734)		295
Net loss and comprehensive loss	**$**	**(977,768)**	$	(298,222)
Loss per share				
Basic and diluted	**$**	**(0.05)**	$	(0.08)
Weighted average number of common shares outstanding				
Basic and diluted		**18,828,633**		3,640,710

See accompanying notes

Altitude Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended July 31,

	2013	2012
Cash provided by (used in)		
Operations		
Net loss and comprehensive loss	**$ (977,768)**	$ (298,222)
Items not affecting cash		
Amortization	**1,689**	-
Consulting fees settled through issuance of loans to related parties	**-**	90,881
Listing expense	**593,274**	-
Stock based compensation	**30,761**	-
Flow-through premium	**(87,422)**	-
	(439,466)	(207,341)
Net changes in non-cash working capital		
Amounts receivable	**(72,302)**	(17,667)
Prepaid expenses	**(213,131)**	-
Accounts payable and accrued liabilities	**292,736**	107,179
	(432,163)	(117,829)
Investing		
Exploration and evaluation assets	**(442,613)**	(83,939)
Capital assets	**(17,481)**	-
	(460,094)	(83,939)
Financing		
Loans from (to) related parties	**(10,000)**	150,000
Proceeds from issue of share capital	**2,826,158**	302,400
Additional equity paid	**55,611**	-
Cash acquired on reverse take-over (Note 5)	**186,782**	-
	3,058,551	452,400
Net change in cash	**2,166,294**	250,632
Cash, beginning of period	**276,546**	25,914
Cash, end of period	**$ 2,442,840**	$ 276,546

See accompanying notes

1. NATURE OF OPERATIONS

Altitude Resources Inc. (the "Company') (formerly Triumph Ventures III Corporation ("Triumph"')) was incorporated under the Business Corporations Act (Ontario) on January 19, 2011. Triumph commenced trading on the TSX Venture Exchange as a Capital Pool Company on March 15, 2012. On December 31, 2012, Triumph was acquired by Altitude Resources Ltd., a privately-owned Alberta incorporated company, in a reverse takeover ("RTO") transaction. The RTO was effected by means of a triangular amalgamation in which Altitude Resources Ltd. amalgamated with a wholly-owned subsidiary of Triumph. Triumph was renamed Altitude Resources Inc. ("Altitude" or "the Company") on December 31, 2012. Shares of Altitude began trading on the TSX Venture Exchange under the symbol ALI on February 15, 2013.

Altitude is a junior coal exploration company with a current exploration focus in northwest Alberta. The primary office of the Company is located at #815, 808 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8.

The Company is in the process of exploring, and has not yet fully determined the quality and quantity of coal resources on its properties. Accordingly, as is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

These financial statements were authorized for issue by the board of directors on November 28, 2013.

2. BASIS OF PRESENTATION

These financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs").

The financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

These consolidated financial statements include the accounts of the Company and its wholly-owned operating subsidiary, Altitude Resources Ltd. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Mineral Property Costs

All costs incurred prior to obtaining the rights to explore a mineral property are expensed. Subsequent to obtaining the rights to explore its mineral properties the Company capitalizes all costs, net of any recoveries, during the exploration and evaluation stage. These costs are recognized as intangible assets and will be amortized on the units-of-production basis over the estimated useful life of the properties following commencement of production, or written-off if the properties are sold, allowed to lapse, or abandoned.

Cost includes the cash consideration paid. The recorded cost of mineral claims and deferred exploration and evaluation costs represent costs incurred and are not intended to reflect present or future values.

The recoverability of costs incurred on the exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production.

The Company assesses its capitalized costs for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Administrative costs are expensed as incurred.

Impairment

The carrying value of all categories of mineral exploration projects and capital assets are reviewed at each reporting date for impairment whenever events or circumstances indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Impairment losses are recognized in other expenses. Assumptions, such as coal price, discount rate, and expenditures, underlying the fair value estimates are subject to risks and uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment (Cont'd)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

Provisions and Asset Retirement Obligations

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions, including asset retirement obligations, are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Flow-through shares

The Company finances certain of its exploration activities through the issuance of flow-through shares, which transfers the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income. A deferred income tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Stock-Based Compensation and Other Stock-Based Payments

The Company applies a fair value based method of accounting to all stock-based payments. Accordingly, stock-based payments for employees are measured at the fair value of the equity instruments issued and stock-based payments for non-employees are measured at the fair value of the consideration received or provided, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. Stock-based compensation is charged to the statement of comprehensive loss over the tranche’s vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

Warrants

For transactions involving the issuance of warrants, the Company measures these transactions at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. In the case of unit placements, the proceeds from the issuance of units is allocated between common shares and warrants on a pro-rata basis based on relative fair values. Share issuance costs incurred in connection with the issuance of share capital are netted against the proceeds received.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except for items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net earnings in the year of change.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes (Cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

Accounting Estimates and Judgements

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the valuation of exploration and evaluation assets, the valuation of accrued liabilities, the valuation of the flow-through premium liability, valuation of share based payments and deferred income taxes. These judgements notably relate to the provisions and contingencies and assessment of going concern uncertainties.

Financial Instruments

The Company classifies all financial instruments as either held-to-maturity, fair value through profit or loss (`FVTPL`), loans and receivables, available-for-sale or other financial liabilities.

Held-to-maturity financial assets are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net income in the period in which they arise.

FVTPL financial instruments are carried at fair value with changes in fair value charged or credited to net income in the period in which they arise.

Loans and receivables are initially recognized at their fair values, with any resulting premium or discount from the face value being amortized to earnings using the effective interest method. Impairment losses are charged to net income in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Available-for-sale financial instruments are carried at fair value with changes in the fair value charged or credited to other comprehensive income. Impairment losses are charged to net income in the period in which they arise. Available-for-sale financial instruments are carried at cost in the absence of a quoted market price and when unable to reliably measure fair value.

Other financial liabilities are initially measured at amortized cost, net of transaction costs and any embedded derivatives that are not closely related to the financial liability, depending upon the nature of the instrument with any resulting premium or discount from the face value being amortized to net income using the effective interest method.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Amounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Cash and cash equivalents is considered to be Level 1.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

a) IFRS 9 – Financial Instruments

IFRS 9 replaces the current standard, IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard is effective for annual periods beginning on or after January 1, 2015.

b) IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities and is effective for annual periods beginning on or after January 1, 2013.

c) IFRS 11 - Joint Arrangements

IFRS 11 establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013.

4. FUTURE ACCOUNTING PRONOUNCEMENTS (Cont'd)

d) IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013.

e) IFRS 13 – Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 (Share-based Payments); leasing transactions within the scope of IAS (17 Leases); measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 (Inventories); or value in use in IAS 36 (Impairment of Assets). This standard is effective for annual periods beginning on or after January 1, 2013.

f) IAS 27 – Separate Financial Statements

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

g) IAS 28 – Investments in Associates and Joint Ventures

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). This standard is effective for annual periods beginning on or after January 1, 2013.

5. REVERSE TAKE-OVER

Triumph Ventures III Corporation, now Altitude Resources Inc. completed a reverse take-over (RTO) with Altitude Resources Ltd. on December 31, 2012, and a name change from Triumph Ventures III Corporation to Altitude Resources Inc. Upon completion of the RTO, the former shareholders of Altitude Resources Ltd. became the controlling shareholders of the Company. For accounting purposes, Altitude Resources Ltd. is the deemed acquirer and Triumph the deemed acquired company, and accordingly, Altitude Resources Ltd.'s balances are accounted for at cost and the balances of Triumph are accounted for at fair value. Since the operations of Triumph do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficit of Triumph as at December 31, 2012, were eliminated, the fair value of the shares of Triumph on December 31, 2012, was allocated to share capital and the transaction costs were expensed.

(Expressed in Canadian Dollars)

5. REVERSE TAKE-OVER (Cont'd)

The RTO involved the amalgamation of Altitude Resources Ltd. with a wholly-owned subsidiary of the Company. Pursuant to the RTO, the Company acquired all of the issued and outstanding common shares of Altitude Resources Ltd. in exchange for the issuance of an aggregate of 20,336,952 common shares of the Company. The RTO was approved by the shareholders of Triumph on November 29, 2012 and the shareholders of Altitude Resources Ltd. on December 24, 2012. The former shareholders of Triumph hold 1,457,845 common shares, which represents the common shares outstanding in Triumph immediately prior to the RTO, taking into effect a 2 for 1 share consolidation.

Details of the RTO were as follows:

The total purchase price of $714,344 has been allocated as follows:

Cash and cash equivalents	$	186,782
Accounts payable and accrued liabilities		(43,519)
Net assets acquired		143,263
Warrants	$	(22,193)
Listing expense		593,274
Purchase price	$	714,344

Consideration comprised of:

Fair value of common shares	$	714,344

The fair value of the Triumph warrants outstanding at RTO, which are exercisable at $0.40 (post consolidation) and expire March 2, 2014, was estimated at the RTO date using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1.14%; (IV) an expected life of 1.2 years and (V) a share price of $0.49. Expected volatility was based on comparable companies.

The fair value of the Triumph options outstanding at RTO, which are exercisable at $0.40 (post consolidation) and expiry March 2, 2017, was estimated at the RTO date using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1.33%; (IV) an expected life of 4.2 years and (V) a share price of $0.49. Expected volatility was based on comparable companies. The total value of the options of $52,160 will be recognized over the remaining vesting period of 2.2 years.

The transaction costs relating to the RTO were expensed.

(Expressed in Canadian Dollars)

6. DUE FROM RELATED PARTIES

The loans are non-interest bearing, unsecured and repayable on demand. There are no fixed terms of repayment.

On April 30, 2012, $500,000 was converted to 10,000,000 Class "A" Voting Common Shares. In addition, 4,000,000 Class "A" Voting Common Shares were issued for consideration receivable of $40,000, which remained outstanding at year end.

7. EXPLORATION AND EVALUATION ASSETS

		2013		2012
Balance beginning of period	**$**	**240,239**	$	156,300
Acquisitions and leases		**36,289**		62,830
Exploration		**406,324**		21,109
Balance end of period	**$**	**682,852**	$	240,239

Palisades Property

The Company's 100% owned Palisades Property is comprised of six contiguous Alberta Crown Coal leases acquired directly from the Alberta Department of Energy between September 2010 and February 2011. Five of the leases are included within Alberta Department of Energy's Category 4 classification; the sixth lease is a combination of Category 4 and Category 2 lands. There are no work commitments associated the Palisades Property. The only ongoing obligation is the payment of the annual lease (currently $3.50 per hectare) for a 15 year period from the commencement of the leases.

The Palisades Property totals 4,648 hectares. It is located approximately 28 kilometres northwest of the town of Hinton, Alberta.

Palisades Extension Application

The Palisades Extension Application was acquired by the Company in October 2011. It is comprised of one Alberta Crown Coal lease application totaling 7,034 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta. For Category 2 properties, a formal Alberta Crown Coal lease will not be issued until such time as the Alberta Department of Energy reaches a decision on its Coal Policy. Application holders are, however, free to perform some limited exploration work on the properties.

The Palisades Extension Application is contiguous to the northeast of the Company's Palisades Property.

7. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Moberley Creek Application

The Moberley Creek Application was acquired by the Company in January 2012. It is comprised of four Alberta Crown Coal lease applications totaling 5,376 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta.

The Moberley Creek Application is located approximately 12.5 kilometres from the northern tip of the Company's Palisades Extension Application.

Altitude North Application

The Altitude North Application was acquired by the Company in October 2012. It is comprised of three Alberta Crown Coal lease applications totaling 5,244 hectares. This property falls entirely in Coal Category 2 of A Coal Development Policy for Alberta.

The Altitude North Application is located approximately 30 kilometres northwest from the northern tip of the Company's Moberly Creek Application.

8. FLOW-THROUGH SHARES

During the year ended July 31, 2013, the Company recorded flow-through share premium of $288,369. As at July 31, 2013, the Company had a flow-through share premium of $200,947 as the Company had incurred a total of $291,407 of the required $961,230 expenditures. It was expected that the remaining qualifying flow-through expenditures relating to this liability will be incurred prior to December 31, 2013.

9. SHARE CAPITAL

Authorized, unlimited Class "A" Voting Common Shares

a) The Company completed a private placement of 4,267,666 Altitude Units (the "Financing") at a price $0.60 per unit for gross proceeds of $2,560,600 in connection with the Completion of the Qualifying Transaction. Each Unit consisted of one share and one half of one Warrant. Each full Warrant entitles the holder to purchase one share at an exercise price of $0.80 per share within two years of the Completion of the Qualifying Transaction (Note 5).

The fair value of the warrants issued, which totaled 2,133,833, are exercisable at $0.80 and expire 2 years following the Completion of the Qualifying Transaction, was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of $0.49. Expected volatility was based on comparable companies.

The Company paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 298,737 Broker Warrants (7% of the brokered units sold in the financing) at an exercise price of $0.60 and expire 2 years following the Completion of the Qualifying Transaction. Broker warrants were not measured at the fair value of the services received as the fair value of such services was not reliably measurable. The fair value of the warrants issued were estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of $0.49. Expected volatility was based on comparable companies.

b) The Company completed a private placement of 1,373,186 flow through subscription receipts at a price of $0.70 per subscription receipt for gross proceeds of $961,230. Each flow through subscription receipt will automatically convert, upon Closing, into one common share of Triumph.

The flow through share premium associated with the issuance of the Triumph subscription receipts was equal to $0.21 per subscription receipt, based on a share price of $0.49. This resulted in a flow through share premium liability of $288,369.

The Company paid to the Agent, commissions in the amount of 7% of gross proceeds, and issued 96,123 Broker Warrants (7% of the brokered flow through subscription receipts sold in the financing) at an exercise price of $0.60 and expire 2 years following the Completion of the Qualifying Transaction. Broker warrants were not measured at the fair value of the services received as the fair value of such services was not reliably measurable. The fair value of the warrants issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 110%; (III) a risk free interest rate of 1%; (IV) an expected life of 2 years and (V) a share price of $0.49. Expected volatility was based on comparable companies.

c) In connection with the closing of the transaction, the TSXV required an additional equity investment of $55,611 by certain members of Altitude's founding shareholder group. This amount has been added to Altitude's share capital.

10. STOCK OPTIONS AND WARRANTS

a) Stock 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 137,262 stock options (274,526 prior to share consolidation) to purchase common shares to its directors and officers, exercisable at a price of $0.40 per common share ($0.20 prior to share consolidation) for a period of five years from the date of grant and vesting over a three year period. See Note 5 for the valuation of the options on the transaction date.

b) Warrants

On initial public offering of Triumph, the agent received 88,285 agent warrants (176,569 prior to share consolidation) at an exercise price of $0.40 per common share ($0.20 prior to share consolidation), expiring 24 months from the date of listing of the common shares on the TSX Venture Exchange.

As described in Note 9 a) 2,133,833 warrants and 298,737 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.

As described in Note 9 b) 96,123 broker warrants were issued as part of the financing in conjunction with the Qualifying Transaction.

11. RELATED PARTY TRANSACTIONS

The Company accrued consulting fees to one of its directors and several of its shareholders totaling $63,800 (2012 - $90,881), which are included in general expenses and accounts payable and accrued liabilities. These amounts were non interest bearing and due on demand.

During the year ended July 31, 2013, $100,283 (2012 - $58,400) was paid to the Chief Executive Officer and Chief Financial Officer.

(Expressed in Canadian Dollars)

12. INCOME TAXES

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/ provincial tax rates with the income tax expense in the financial statements:

		2013		2012
Loss before income taxes	**$**	**(977,768)**	$	(298,222)
Statutory rate		**25.00 %**		25.63 %
Expected income tax recovery	**$**	**(244,442)**	$	(76,434)
Effect on income taxes of unrecognized future income tax assets relating to deductible temporary differences on:				
Non-deductible expenses		**135,364**		36
Change in deferred tax asset not recognized		**128,147**		74,521
Change in future tax rates and other		**-**		1,877
Share issue costs		**(176,619)**		-
Flow-through share liability		**240,308**		-
Tax assets acquired on RTO		**(82,758)**		-
Income tax expense	**$**	**-**	$	-

(b) Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

		2013		2012
Amounts related to tax loss carry forwards	**$**	**290,252**	$	99,016
Exploration and evaluation and capital assets		**(239,918)**		-
Share issue costs		**176,829**		-
Deferred tax asset		**227,163**		99,016
Less: Deferred tax asset not recognized		**(227,163)**		(99,016)
	$	**-**	$	-

(Expressed in Canadian Dollars)

12. INCOME TAXES (Cont'd)

(c) Loss Carryforwards

As at July 31, 2013, the Company has non-capital losses of $1,161,008 expiring as follows:

2030	$ 102,347
2031	408,016
2032	117,060
2033	533,585
	$ 1,161,008

The potential tax benefit relating to the non-capital losses and tax credit carryforwards has not been reflected in these financial statements.

13. COMMITMENTS AND CONTINGENCIES

As part of its mineral property option agreements the Company has agreed to make certain payments of cash in order to exercise its options on the various properties (Note 7).

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware that any provision for such costs is required and is unable to determine the impact on its financial position of environmental laws, if any, and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Lease Commitments

The Company entered into a sub-lease for office space. Pursuant to this sub-lease agreement, the Company is committed to pay base lease costs plus additional rent, which includes its proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the sub landlord's current lease for the premises. The sublease expires on August 31, 2015.

Total future minimum annual lease payments for premises are as follows:

2014	$	63,480
2015		63,480
2016		5,290
	$	**132,250**

Flow-through shares

The Company is committed to spending approximately $670,000 associated with its flow-through offering. The Company intends to fulfill all flow-through obligations by December 31, 2013.

14. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants, contributed surplus and deficit.

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in a major Canadian financial Institution.

There has been no change in management's capital policy during the period.

15. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company is exposed to credit risk, market risk (consisting of interest rate risk, and commodity price risk), and liquidity risk.

(a) Credit Risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable, which is comprised of government remittances. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions.

(b) Liquidity Risk

As at December 31, 2011, the Company had accounts payable and accrued liabilities of $455,935 (2012 - $119,680) and cash and cash equivalents of $2,442,840 (2012 - $276,546) to meet its current obligations. Substantially all of the Company's accounts payable and accrued liabilities are current.

(c) Fair Value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and loans from related parties approximate fair values due to the relatively short term maturities of these instruments.

(d) Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of coal and base metals.

16. SUBSEQUENT EVENT

On August 12, 2013, the Company entered into an Exploration and Option Agreement with Elan Coal Ltd. ("Elan"), a private Non-Arm's Length Party. The Company will acquire an option to earn up to 51% interest in Elan Coal Ltd's coal properties, will make an initial cash payment of $200,000 to Elan to fund field work and Elan shall provide Altitude with a 120 day exclusivity period to complete due diligence and complete a financing of a minimum of $2,000,000.