

WEST POINT RESOURCES INC.

Financial Statements

April 30, 2013 and 2012

(Expressed in Canadian dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
West Point Resources Inc.

We have audited the accompanying financial statements of West Point Resources Inc. which comprise the statements of financial position as at April 30, 2013 and 2012, and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising 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 financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 our 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, we consider 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, the financial statements present fairly, in all material respects, the financial position of West Point Resources Inc. as at April 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to these financial statements which describes the existence of a material uncertainty that may cast significant doubt about the ability of West Point Resources Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

August 28, 2013

West Point Resources Inc.Statements of financial position
(Expressed in Canadian dollars)

	April 30, 2013 \$	April 30, 2012 \$
Assets		
Current assets		
Cash	6,024	35,159
Amounts receivable	4,927	11,010
Total current assets	10,951	46,169
Non-current assets		
Deferred financing costs	29,000	–
Mineral property costs (Note 3)	50,000	50,000
Total non-current assets	79,000	50,000
Total assets	89,951	96,169
Liabilities		
Current liabilities		
Accounts payable	20,851	–
Due to related parties (Note 4)	1,800	1,800
Flow-through premium liability	12,600	–
Total liabilities	35,251	1,800
Equity		
Share capital	267,167	233,903
Share subscriptions receivable	–	300
Contributed surplus	85,897	80,246
Deficit	(298,364)	(220,080)
Total equity	54,700	94,369
Total liabilities and equity	89,951	96,169

Nature of operations and continuance of business (Note 1)
Commitments (Note 3 and 8)
Subsequent events (Note 13)

Approved on behalf of the Board on August 28, 2013:

/s/ "Ravinder Mlait"

Ravinder Mlait, Director

/s/ "Bryan Loree"

Bryan Loree, Director

(The accompanying notes are an integral part of these financial statements)

WEST POINT RESOURCES INC.

Statements of comprehensive loss
For the years ended April 30 2013 and 2012
(Expressed in Canadian dollars)

	2013	2012
	\$	\$
Revenue	–	–
Operating expenses		
Consulting fees	–	28,000
Investor relations	6,461	1,352
Mineral exploration costs (Note 3)	8,428	126,298
Office and miscellaneous	5,415	1,663
Professional fees	38,765	5,114
Filing fees	19,215	–
Stock-based compensation	–	80,246
Total operating expenses	78,284	242,673
Net loss before other income	(78,284)	(242,673)
Other income		
Flow-through share premium	–	22,600
Net loss and comprehensive loss	(78,284)	(220,073)
Loss per share, basic and diluted	(0.02)	(0.08)
Weighted average shares outstanding	4,284,934	2,837,854

(The accompanying notes are an integral part of these financial statements)

WEST POINT RESOURCES INC.

Statement of changes in equity
For the years ended April 30, 2012 and 2013
(Expressed in Canadian dollars)

	Share capital		Share subscriptions receivable \$	Contributed surplus \$	Deficit \$	Total \$
	Number of shares	Amount \$				
Balance, April 30, 2011	200	2	–	–	(7)	(5)
Director shares cancelled	(200)	(2)	–	–	–	(2)
Share issued pursuant to private placement – Founder’s shares	3,000,000	25,200	–	–	–	25,200
Shares issued pursuant to private placement - non flow-through	687,500	137,200	300	–	–	137,500
Shares issued pursuant to private placement – flow-through	452,000	113,000	–	–	–	113,000
Reduction for flow-through share premium	–	(22,600)	–	–	–	(22,600)
Share issuance costs	–	(18,897)	–	–	–	(18,897)
Fair value of stock options	–	–	–	80,246	–	80,246
Net loss	–	–	–	–	(220,073)	(220,073)
Balance, April 30, 2012	4,139,500	233,903	300	80,246	(220,080)	94,369
Shares issued pursuant to private placement – flow through	126,000	31,500	–	–	–	31,500
Shares issued pursuant to private placement - non flow-through	148,227	22,234	–	–	–	22,234
Reduction for flow-through share premium	–	(12,600)	–	–	–	(12,600)
Subscription receivable	–	300	(300)	–	–	–
Shares issued as a finder’s fee on private placements	73,000	15,400	–	–	–	15,400
Agent warrants	–	–	–	5,651	–	5,651
Share issuance costs	–	(23,570)	–	–	–	(23,570)
Net loss	–	–	–	–	(78,284)	(78,284)
Balance, April 30, 2013	4,486,727	267,167	–	85,897	(298,364)	54,700

(The accompanying notes are an integral part of these financial statements)

WEST POINT RESOURCES INC.

Statements of cash flows

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

	2013	2012
	\$	\$
Operating activities		
Net loss	(78,284)	(220,073)
Item not involving cash:		
Stock-based compensation	–	80,246
Changes in non-cash operating working capital:		
Amounts receivable	6,083	(10,710)
Accounts payable	20,851	–
Flow-through share premium	12,600	–
Deferred financing costs	(29,000)	–
Due to related parties	–	1,600
Net cash used in operating activities	(67,750)	(148,937)
Investing activities		
Mineral property acquisition costs	–	(50,000)
Net cash used in investing activities	–	(50,000)
Financing activities		
Proceeds from issuance of common shares	56,534	252,800
Share issuance costs	(17,919)	(18,897)
Net cash provided by financing activities	38,615	233,903
Change in cash	(29,135)	34,966
Cash, beginning of year	35,159	193
Cash, end of year	6,024	35,159
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these financial statements)

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

1. Nature of Operations

The Company was incorporated on April 5, 2011 under the Business Corporations Act (BC). The address of the Company's corporate office and its principal place of business is 7934 Government Road, Burnaby, BC. The Company is an exploration stage company currently focused on the exploration of mineral property projects in Yukon, Canada. It has not yet been determined whether the properties contain mineral reserves that are economically recoverable. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2013, the Company has no source of revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$298,364. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in Note 2(h). The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Significant areas requiring the use of estimates include the useful life and recoverability of impairment of mineral property costs, determination of reclamation provisions, measurement of share-based payments, fair values of financial instruments, and deferred income tax asset valuation allowances.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Mineral Property Costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

(e) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

(f) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, accounts payable, and amounts due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

Financial assets

The Company has classified its cash at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

Financial liabilities

The Company has classified its accounts payable and due to related parties as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

(j) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(l) Stock-based Compensation

The Company grants share-based awards to employees, directors and consultants providing similar services as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of income with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payments arrangements with non-employees in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) New Accounting Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the Company to adopt for its fiscal year beginning May 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for the Company on May 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to IAS 1 Presentation of Financial Statements - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) New accounting standards and interpretations not yet adopted (continued)

New accounting standards effective for the Company on May 1, 2013 (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on May 1, 2013. The Company does not expect a significant effect on its financial statements from these new standards or amendments other than additional disclosures.

New accounting standards effective for the Company on May 1, 2015

IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after May 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

3. Mineral Property Costs

Mineral property acquisition costs capitalized:

	Ruby Range \$
Balance, April 30, 2011	—
Additions	50,000
Balance, April 30, 2012 and 2013	50,000

Mineral exploration cost expensed:

Year ended April 30, 2013

	Ruby Range \$
Claims maintenance fees	2,778
Equipment rental, field supplies, and other	5,100
Geophysics	550
	8,428

Year ended April 30, 2012

	Ruby Range \$
Claims maintenance fees	9,450
Equipment rental, field supplies, and other	6,602
Geophysics	110,246
	126,298

Ruby Range Property

On November 9, 2011, and amended February 12, 2013, the Company entered into an option agreement to acquire a 100% interest in the Kluane, JPR and Gladstone Properties (collectively the Ruby Range Properties) located in the Whitehorse Mining District of southern Yukon, Canada.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

Ruby Range Property (continued)

The Company can earn 100% interest in the three properties by making aggregate payments totalling \$525,000, issuing four million common shares of West Point to the vendor Rockhaven and incurring exploration expenditures of \$1,000,000 over a four year period. The payments of cash and common shares and work commitments are to be completed as follows:

	Cash	Number of Common Shares	Exploration Expenditures
	\$		\$
<i>Cash payments</i>			
Upon execution of the option agreement (paid)	50,000	-	-
Upon exchange acceptance	100,000	-	-
On or before November 9, 2013	50,000	-	-
On or before November 9, 2014	250,000	-	-
On or before November 9, 2015	75,000	-	-
<i>Common share issuances</i>			
Within 10 days of completion of IPO	-	2,200,000	-
On or before December 31, 2013	-	750,000	-
On or before December 31, 2014	-	1,050,000	-
<i>Exploration expenditures</i>			
On or before December 31, 2012 (completed)	-	-	100,000
On or before December 31, 2013	-	-	250,000
On or before December 31, 2014	-	-	350,000
On or before December 31, 2015	-	-	300,000
TOTAL	525,000	4,000,000	1,000,000

In the event that the Company terminates the Agreement for any reason, it shall issue Rockhaven 1,500,000 common shares within 5 days of such termination. The Agreement is also subject to the Company's completion of an IPO by August 31, 2013 (subsequently extended to December 31, 2013 along with certain other dates, see Note 13), and failure to do so would effectively terminate the Agreement.

The Ruby Range property is subject to two royalties totaling 2.5%. The Rockhaven Royalty provides for one-half percent (1.5%) of net smelter returns (NSR) payable by West Point to Rockhaven. The Ross Royalty provides for one percent (1%) of net smelter returns payable by West Point to the estate of John Peter Ross. Payments of the NSR interests shall begin when the Property is deemed to be in commercial production.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

4. Key Management Compensation and Related Party Transactions

The Company incurred the following transactions with directors/officers of the Company and corporations with principals that are directors of the Company. The Company has identified these directors/officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties.

	Years ended April 30,	
	2013	2012
Consulting fees	\$ -	\$ 28,000
Stock-based compensation	-	61,251
	\$ -	\$ 89,251

As at April 30, 2013, the amount of \$1,800 (2012 - \$1,800) was owed to directors of the Company, which is non-interest bearing, unsecured, and due on demand.

5. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Share issuances for the year ended April 30, 2013:

- On February 13, 2013, the Company issued 148,227 units at \$0.15 per unit for gross proceeds of \$22,234. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.25 until February 13, 2015. No consideration or value was allocated to the warrants as they had no intrinsic value at the time the units were issued.
- On December 10, 2012, the Company issued 126,000 flow-through units at \$0.25 per unit for gross proceeds of \$31,500. Each unit consisted of one flow-through share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.35 until December 10, 2014. No consideration or value was allocated to the warrants as they had no intrinsic value at the time the units were issued. The Company paid finder's fees and commission of \$2,520.
- On May 1, 2012, the Company issued 73,000 common shares at a price of \$0.20 per share as a finder's fee in connection with the December 30, 2011 and the January 4, 2012 private placements.

Share issuances for the year ended April 30, 2012:

- On January 4, 2012, the Company issued 687,500 shares at \$0.20 per share for gross proceeds of \$137,500. On February 1, 2013, 380,250 share purchase warrants were issued pursuant to this share issuance. Each warrant is exercisable at \$0.25 until January 27, 2017.
- On December 30, 2011, the Company issued 452,000 flow-through shares at \$0.25 per share for gross proceeds of \$113,000. The Company paid finder's fees and commission of \$18,897. As at April 30, 2012, the related eligible exploration expenditures have been incurred, and the flow-through share tax renouncement has been made.
- On July 4, 2011, the Company issued 3,000,000 founders' shares at \$0.0084 per share for proceeds of \$25,200.
- On April 5, 2011, the Company issued 200 shares to Directors of the Company at \$0.01 per share, these were subsequently returned to treasury on July 4, 2011.
- On April 5, 2011, the Company issued and returned to treasury, one incorporation share.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

6. Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, April 30, 2011	–	–
Granted	420,000	0.20
Outstanding, April 30, 2012	420,000	0.20
Cancelled	(420,000)	0.20
Outstanding, April 30, 2013	–	–

On May 31, 2012, all stock options granted and outstanding as at April 30, 2012 were cancelled.

The fair value of stock options granted during the year ended April 30, 2012 was \$80,246, which was charged to operations. All options fully vested upon grant. No stock options were granted during the year ended April 30, 2013.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2013	2012
Risk-free interest rate	–	2.26%
Expected life (in years)	–	10
Expected volatility	–	125%

Expected volatility was forecasted based on the historical volatility of comparable companies for the term of 10 years.

The weighted average fair value of stock options granted during the year ended April 30, 2012 was \$0.20 per stock option.

On February 13, 2013, the Company adopted a stock option plan. Under the Company's stock option plan, the exercise price of each option is determined by the Board. Options vest immediately when granted and expire ten years from the date of the grant, unless the Board establishes more restrictive terms. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the corporation.

WEST POINT RESOURCES INC.

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7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, April 30, 2011 and 2012	—	—
Issued	527,443	0.26
Balance, April 30, 2013	527,443	0.26

As at April 30, 2013, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
380,250	0.25	January 27, 2017
63,000	0.35	December 10, 2014
10,080	0.35	December 10, 2014
74,113	0.25	February 13, 2015
<u>527,443</u>		

During the year ended April 30, 2013, the Company issued 46,580 warrants to the agents of private placements (see Note 5). The fair values for warrants issued have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2013
Risk-free interest rate	1.22% - 1.37%
Expected life (in years)	2 – 5 years
Expected volatility	113% – 125%

Expected volatility was forecasted based on the historical volatility of comparable companies for the term of 2 – 5 years.

The weighted average fair value of warrants granted during the year ended April 30, 2013 was \$0.26 per warrant.

8. Commitments

- (a) The Company closed a flow through private placement on December 10, 2012 and is committed to spending approximately \$31,500 by December 31, 2013, as part of the flow through funding agreements related to mineral properties. The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

WEST POINT RESOURCES INC.

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8. Commitments (continued)

- (b) The Company entered into an agent agreement with Macquarie Private Wealth Inc. ("Agent") to raise the aggregate minimum proceeds of \$780,000 through a combination of flow-through units at \$0.25 per unit and non flow-through units at \$0.15 per unit by way of an initial public offering. Of the total minimum proceeds, a maximum of \$250,000 can be raised through flow-through unit issuances, each consisting of one flow through common share and one-half of one common share purchase warrant.

In consideration of services to be performed by the Agent, the Company agreed to pay a cash commission of 10% of gross proceeds raised from the offering and a corporate finance fee of \$25,000 and \$5,000 payable in the form of 33,333 common shares. The Company will also issue a number of common shares to the Agent equal to 10% of the total number of units and flow-through units placed by the Agent at a deemed price of \$0.15 per share. Upon execution of the Agreement, the Company paid the Agent a \$29,000 retainer toward legal and other expenses associated with the Offering.

9. Financial Instruments and Risks

(a) Fair Values

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at April 30, 2013 as follows:

	Fair Value Measurements Using			Balance, April 30, 2013 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	6,024	–	–	6,024

The fair values of other financial instruments, which include accounts payable and due to related party approximate their carrying values due to the short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST/HST receivables which are due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

WEST POINT RESOURCES INC.

Notes to the financial statements

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9. Financial Instruments and Risks (continued)

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

11. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

12. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise future tax assets and liabilities, are as follows:

	2013 \$	2012 \$
Combined statutory income tax rate	25%	25%
Income tax recovery at combined statutory rate	(19,571)	(55,018)
Tax effect of:		
Non-deductible expenses	(654)	43,587
Change in tax benefit not recognized	20,225	11,431
Income tax provision	—	—

WEST POINT RESOURCES INC.

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12. Income Taxes (continued)

The significant components of unrecognized deferred income tax assets (liabilities) are as follows:

	2013	2012
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	25,250	6,691
Resource pools	3,069	962
Share issuance costs	3,339	3,780
Total gross deferred income tax assets	31,658	11,433
Tax benefit not recognized	(31,658)	(11,433)
Net deferred income tax asset	–	–

As at April 30, 2013, the Company has non-capital losses carried forward of approximately \$101,000, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2031	–
2032	27,000
2033	74,000
	101,000

The Company also has available mineral resource related expenditure pools totalling \$62,276 which may be deducted against future taxable income on a discretionary basis.

13. Subsequent events

- (a) A prospectus of the Company dated June 17, 2013 was filed for an initial public offering in British Columbia, Alberta and Ontario. As of August 28, 2013, the initial public offering has not closed.
- (b) On August 20, 2013, the Company amended the Ruby Range Option Agreement with Rockhaven Resources Ltd., whereas the Company has been granted the exclusive right and option to acquire an undivided 100% right, title and interest in and to the Ruby Range Property by issuing 4,000,000 Common Shares to Rockhaven Resources Ltd, paying \$525,000 in cash, and by incurring aggregate cumulative expenditures on the Property of \$1,000,000 by December 31, 2015 in accordance with the following schedule:
 - a. Paying Rockhaven not less than an aggregate \$525,000 as follows:
 - (i) \$50,000 upon execution of the option agreement (paid)
 - (ii) An additional \$100,000 upon Exchange Acceptance;
 - (iii) An additional \$50,000 on or before December 31, 2013;
 - (iv) An additional \$250,000 on or before November 9, 2014; and
 - (v) An additional \$75,000 on or before November 9, 2015.

WEST POINT RESOURCES INC.

Notes to the financial statements

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13. Subsequent events (continued)

- b. Incurring expenditures of not less than an aggregate \$1,000,000 as follows:
 - (i) \$100,000 on or before December 31, 2012 (incurred);
 - (ii) An additional \$250,000 on or before December 31, 2014;
 - (iii) An additional \$350,000 on or before December 31, 2015; and
 - (iv) An additional \$300,000 on or before December 31, 2016.

- c. Issuing to Rockhaven, 4,000,000 shares in the capital of West Point as follows:
 - (i) 2,200,000 common shares within in 10 days of Exchange Acceptance;
 - (ii) An additional 750,000 common shares on or before December 31, 2013; and
 - (iii) An additional 1,050,000 common shares on or before December 31, 2014.

The Agreement was also amended to require the Company's completion of an initial public offering by December 31, 2013.