SPARX ENERGY CORP.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS (OCTOBER 5, 2012) TO DECEMBER 31, 2012

DeVISSER GRAY *LLP*
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Directors of Sparx Energy Corp.,

We have audited the accompanying financial statements of Sparx Energy Corp., which comprise the statement of financial position as at December 31, 2012 and the statements of loss and comprehensive loss, changes in shareholder's deficiency and cash flows for the period from its commencement of operations (October 5, 2012) to December 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 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 audit. We conducted our audit 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 whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained 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 Sparx Energy Corp. as at December 31, 2012 and its financial performance and its cash flows for the period from its commencement of operations (October 5, 2012) to December 31, 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
June 14, 2013

SPARX ENERGY CORP.
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

ASSETS		
CURRENT		
Cash	$	1
	$	1
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$	10,000
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL (note 3)		1
DEFICIT		(10,000)
		(9,999)
	$	1

Nature of operations (note 1)
Events after the reporting period (note 6)

Approved on behalf of the Board

Director *"Richard Grayston"*
Richard W. Grayston

Director *"Anita Algie"*
Anita Algie

The accompanying notes are an integral part of these financial statements

SPARX ENERGY CORP.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FROM INCORPORATION ON OCTOBER 5, 2012 TO DECEMBER 31, 2012

EXPENSES		
Consulting fees	$	10,000
		10,000
Net loss and comprehensive loss for the period	$	10,000
Basic and diluted loss per share	$	10,000
Weighted average number of common shares outstanding		1

The accompanying notes are an integral part of these financial statements

SPARX ENERGY CORP.
STATEMENT OF CHANGES IN SHAREHOLDER'S DEFICIENCY

FROM INCORPORATION ON OCTOBER 5, 2012 TO DECEMBER 31, 2012

	Share capital			
	Number of Shares	**Amount**	**Deficit**	**Shareholder's Deficiency**
Balance, beginning of period	-	$ -	$ -	$ -
Issuance of common shares	1	1	-	1
Net and comprehensive loss for the period	-	-	(10,000)	(10,000)
Balance, end of period	1	$ 1	$ (10,000)	$ (9,999)

The accompanying notes are an integral part of these financial statements

SPARX ENERGY CORP.
STATEMENT OF CASH FLOWS

FROM INCORPORATION ON OCTOBER 5, 2012 TO DECEMBER 31, 2012	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net and comprehensive loss	$ (10,000)
Working capital adjustments:	
Accounts payable and accrued liabilities	10,000
Net cash flows from operating activities	-
CASH FLOWS FROM FINANCING ACTIVITY:	
Issuance of share capital	1
CHANGE IN CASH POSITION AND CASH AT END OF PERIOD	$ 1

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Sparx Energy Corp. ("Sparx" or the "Corporation") was incorporated in the Province of British Columbia on October 5, 2012. During the period from October 5, 2012 to December 31, 2012, the Corporation did not raise any capital and had not commenced commercial activities. At December 31, 2012, the Corporation was a wholly-owned subsidiary of Abbastar Resources Corp. ("Abbastar"), which is a junior exploration company engaged in the business of identification, acquisition and exploration of minerals. The Corporation's principal office and registered and records office is located at 1600-609 Granville Street, Vancouver, BC V7Y 1C3.

The financial statements of the Corporation for the period from incorporation (October 5, 2012) until December 31, 2012 were authorized for issue in accordance with a resolution of the directors on June 14, 2013.

Refer to Note 6.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and disclosure of contingent assets and liabilities. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

Functional currency

The presentation and functional currency of the Corporation is the Canadian dollar.

2. **SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Financial Instruments

Financial assets

The Corporation classifies and measures its financial assets depending on the purpose for which the asset was acquired.

Fair value through profit or loss – This category comprises derivatives, or assets acquired principally for the purpose of being resold in the near term. They are carried on the statement of financial position at fair value and changes in fair value are recognized in the statement of comprehensive income. The Corporation has classified its cash as a financial asset measured at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2013. The Corporation is currently assessing the impact of these standards and does not plan on early adopting.

The standards impacted that are applicable to the Corporation are as follows:

IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard.

IFRS 11, 'Joint Arrangements' requires a venture to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operations. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, Interest in Joint Ventures, and SIC-13, Joint Controlled Entities – Non-monetary Contributions by Venturers. The Corporation is currently assessing the impact of this standard.

IFRS 12, 'Disclosure of Interest in Other Entities' establishes disclosure requirements for interest 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 interest in other entities. The Corporation is currently assessing the impact of this standard.

IFRS 13, 'Fair Value Measurement' 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 IFR, 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. The Corporation is currently assessing the impact of this standard.

IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual period beginning on or after July 1, 2012. The Corporation is currently assessing the impact of this standard.

3. SHARE CAPITAL

a) Authorized
Unlimited number of common shares, without par value.

b) Issued

1 common share issued for cash	$ 1

4. FINANCIAL INSTRUMENTS

Fair Values

As at December 31, 2012, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of cash and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash.

Interest Rate Risk

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

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to pay financial instrument liabilities as they come due. The Corporation’s only liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities requirements. The Corporation did not maintain sufficient cash balances to meet its needs at December 31, 2012 but anticipates having sufficient financial resources available to meet these obligations in the future (see note 6).

5. CAPITAL MANAGEMENT

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

6. EVENTS AFTER THE REPORTING PERIOD

During October 2012, Abbastar's board of directors approved a Plan of Arrangement ("the Arrangement") between Abbastar and its four wholly-owned subsidiaries Anacott Resources Corp ("Anacott"), Brunello Resources Corp. ("Brunello"), Sparx Energy Corp. ("Sparx") and Teldar Resources Corp. ("Teldar"). The Arrangement was approved by shareholders of Abbastar on November 30, 2012, by the Supreme Court of British Columbia on December 5, 2012 and by the TSX Venture Exchange on January 14, 2013.

By way of the Arrangement, Abbastar will transfer to Sparx $17,500 in cash and the Doran Interest (see below) in exchange for Sparx shares equal to the number of Abbastar shares that were issued and outstanding on the distribution record date (13,111,431). Subsequently, such shares will be transferred to the shareholders of Abbastar on a one-for-one basis by way of a capital distribution.

The effect of these transactions will be that the shareholders of Abbastar will directly own the issued share capital of Sparx on the same basis, relative to each other, as their shareholdings of Abbastar. Sparx will own the assets described above and will become a separate Reporting Issuer company as defined under provincial securities legislation.

The Arrangement implementation dates were amended subsequent to October 2012 and accordingly the share distribution record date was April 26, 2013, the closing date was May 1, 2013 and the asset and share distributions occurred on May 31, 2013.

Doran Interest

In 2007 Abbastar and Entourage Mining Ltd. ("Entourage") entered into an option agreement (the "Doran Agreement") wherein Abbastar was granted the sole option and right to acquire up to 70% of Entourage's interest in the Doran uranium property (the "Doran Property") situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. Abbastar paid Entourage the $100,000 required pursuant to the Doran Agreement in order to exercise and acquire the interest in the Doran Property.

To December 31, 2012, Abbastar has incurred $1,520,190 in mineral property exploration expenditures as defined in the Doran Agreement, earning a 35% interest in the property. Abbastar elected not to make the necessary mineral exploration expenditures on the Doran Property during the third year of the agreement and Sparx may, pursuant to the Doran Agreement that it has subsequently acquired, now proceed on a joint venture basis with Entourage.

During the year ended December 31, 2012, Abbastar wrote down the property to $35,000.

6. EVENTS AFTER THE REPORTING PERIOD *(continued)*

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from potential aboriginal claims and frequently ambiguous conveyancing history characteristic of many mineral properties. At the time of the acquisition, Abbastar had investigated title to all properties and, to its knowledge, titles to all properties are in good standing.