# SPARX ENERGY CORP.
## INTERIM FINANCIAL STATEMENTS
(Unaudited – Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

**Notice of No Auditor Review**

These unaudited interim financial statements of Sparx Energy Corp. (the "Corporation") have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

## SPARX ENERGY CORP.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

| | September 30 2013 | December 31 2012 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ 2,190 | $ 1 |
| Amounts receivable | 788 | - |
| | 2,978 | 1 |
| **Exploration and evaluation assets** (note 4) | 35,000 | - |
| | $ 37,978 | $ 1 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 39,010 | $ 10,000 |
| Loans payable (note 5) | 100,500 | - |
| | 139,510 | 10,000 |
| **SHAREHOLDERS' DEFICIENCY** | | |
| Share capital (note 6) | 52,500 | 1 |
| Deficit | (154,032) | (10,000) |
| | (101,532) | (9,999) |
| | $ 37,978 | $ 1 |

Nature of Operations (note 1)
Event after the reporting period (note 11)

Approved on behalf of the Board

Director *"Richard W. Grayston"*
Richard W. Grayston

Director *"Anita Algie"*
Anita Algie

*The accompanying notes are an integral part of these financial statements*

**SPARX ENERGY CORP.**
INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

| | For the three months ended September 30, 2013 | For the nine months ended September 30, 2013 |
|---|---|---|
| **EXPENSES** | | |
| Bank charges | $ 141 | $ 141 |
| Consulting fees (note 10) | 2,500 | 25,500 |
| Interest | 2,426 | 3,831 |
| Management fees | 7,619 | 7,619 |
| Professional fees | 2,198 | 7,303 |
| Regulatory and transfer agent fees | 1,288 | 4,639 |
| **Net loss and comprehensive loss for the period** | $ 16,172 | $ 49,033 |
| **Basic and diluted loss per share** | $ 0.00 | $ 0.01 |
| **Weighted average number of common shares outstanding** | 13,111,431 | 5,859,321 |

*The accompanying notes are an integral part of these financial statements*

**SPARX ENERGY CORP.**
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited - Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Deficit | Shareholder's Deficiency |
|---|---|---|---|---|
| **Balance at January 1, 2013** | 1 | $ 1 | $ (10,000) | $ (9,999) |
| Shares issued for cash (note 6) | 2 | 1 | - | 1 |
| Redemption of shares (note 6) | (2) | (1) | (94,999) | (95,000) |
| Cancellation of share under plan of arrangement (note 6) | (1) | (1) | | (1) |
| Shares distributed under plan of arrangement (notes 4 and 6) | 13,111,431 | 52,500 | - | 52,500 |
| Net and comprehensive loss for the period | - | - | (49,033) | (49,033) |
| **Balance at September 30, 2013** | 13,111,431 | $ 52,500 | $ (154,032) | $ (101,532) |

*The accompanying notes are an integral part of these financial statements*

**SPARX ENERGY CORP.**
INTERIM STATEMENT OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

| | For the nine months ended September 30, 2013 |
|---|---|
| **Cash provided by (used for):** | |
| **Operating activities** | |
| Net and comprehensive loss | $ (49,033) |
| Change in non-cash working capital: | |
| Amounts receivable | (788) |
| Accounts payable and accrued liabilities | 29,010 |
| **Net cash flows from operating activities** | (20,811) |
| **Financing activities** | |
| Loan advances (note 5) | 5,500 |
| Proceeds from issuance of shares (notes 4 and 6) | 17,500 |
| **Net cash flows from financing activities** | 23,000 |
| **Change in cash during the period** | 2,189 |
| **Cash, beginning of the period** | 1 |
| **Cash, end of the period** | $ 2,190 |

**Supplemental disclosure with respect to cash flows** (note 9)

*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. For the period October 5, 2012 to May 31, 2013, the Corporation was a wholly owned subsidiary of Glenmark Capital Corp. (formerly Abbastar Resources Corp.) ("Glenmark"), which is a junior exploration company engaged in the business of identification, acquisition and exploration of minerals.

During October, 2012, Glenmark's board of directors approved a plan of arrangement (the "Arrangement") between Glenmark and its four wholly-owned subsidiaries, including Sparx. As a result of the completion of the Arrangement on May 31, 2013, Glenmark ceased to be a shareholder of Sparx and the Corporation became a reporting issuer in its own right. Sparx is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests. The Corporation's principal office and registered and records office is located at 1600-609 Granville Street, Vancouver, BC V7Y 1C3.

These financial statements cover the three and nine month periods ended September 30, 2013. As the Corporation commenced operations on October 5, 2012, no financial information for periods prior to that date is available.

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

At the date of the interim financial statements, the Corporation has not identified a known body of commercial grade minerals on any of its properties. The ability of the Corporation to realize the costs it has incurred to date on these properties is dependent upon the Corporation identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Corporation has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Corporation's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Corporation if favourable or adverse market conditions occur.

These interim financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Corporation has incurred operating losses and at September 30, 2013, had a cumulative deficit of $154,032 and a working capital deficiency of $136,532. The continuing operations of the Corporation are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

## 1. NATURE OF OPERATIONS, continued

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Corporation be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Corporation's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 7 and 8.

## 2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's audited annual financial statements for the period from commencement of operations (October 5, 2012) to December 31, 2012, which have been prepared in accordance with IFRS.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of November 28, 2013, the date of the Board of Directors approval of the financial statements.

These interim financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Corporation is the Canadian dollar.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim financial statements are summarized in the audited financial statements of the Corporation for the period from commencement of operations (October 5, 2012) to December 31, 2012.

### a) Significant accounting judgments, estimates and assumptions

The preparation of the Corporation's interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## 3. SIGNIFICANT ACCOUNTING POLICIES, continued

*Critical judgments in applying accounting policies*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Corporation will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

**b) Impairment**

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

**c) New accounting standards and recent pronouncements**

*New standards, amendments and interpretations to existing standards not adopted by the Corporation*

The following revised standards are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Corporation has assessed the impact of these standards and has determined that they would not have a material impact on the Corporation.

## 3. SIGNIFICANT ACCOUNTING POLICIES, continued

### c) New accounting standards and recent pronouncements, continued

- IFRS 10, Consolidated Financial Statements (January 1, 2013)
- IFRS 11, Joint Arrangements (January 1, 2013)
- IFRS 12, Disclosure of Interests in Other Entities (January 1, 2013)
- IFRS 13, Fair Value Measurement (January 1, 2013)
- IAS 28, Investments in Associates and Joint Ventures (January 1, 2013)
- IAS 32, Financial Instruments: Presentation (January 1, 2014)
- IFRS 9, Financial Instruments (January 1, 2015)

There are no other IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Corporation.

## 4. EXPLORATION AND EVALUATION ASSETS

On May 31, 2013, Glenmark completed a plan of arrangement with the Corporation whereby Sparx received $52,500 in assets comprised of $17,500 in cash and an assignment of the Doran uranium property interest ("Doran Property") in exchange for 13,111,431 common shares, which were distributed to Glenmark shareholders on a pro rata basis.

In 2007, Glenmark and Entourage Mining Ltd. ("Entourage") entered into an option agreement (the "Doran Agreement") wherein Glenmark was granted the sole option and right to acquire up to 70% of Entourage's interest in the Doran Property situated in Costebelle Township, on the north shore of the Gulf of St. Lawrence in south-eastern Quebec. Glenmark paid Entourage $100,000 which was required pursuant to the Doran Agreement in order to exercise the option and acquire the interest in the Doran Property. During its year ended December 31, 2012, Glenmark wrote down the property to $35,000 which was considered to be its fair value at that date.

As of May 31, 2013, Glenmark had incurred $1,520,190 in mineral property exploration expenditures as defined in the Doran Agreement and earned a 35% interest. Glenmark elected not to make the necessary mineral exploration expenditures on the Doran Property during the third year of the original agreement and Sparx may, pursuant to the agreement, proceed on a joint venture basis with Entourage in the future.

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 original acquisition, Glenmark investigated the title to the Doran Property and, to its knowledge, it is in good standing.

(Unaudited – Expressed in Canadian Dollars)

## 5. LOANS PAYABLE

These loans represent funds advanced by an investor who is assisting in implementing the Corporation's business plan. It is not presently known what business, organizational or management changes may be necessary to complete this plan. Receipt of these loans is providing the working capital for the Corporation to prepare unaudited interim financial statements and for corporate registrations. As a result, the Corporation has gained further time in which to implement its intended business plan.

Loans payable in the amount of $100,500 (December 31, 2012 - $Nil) are unsecured, bear interest at 10% per annum and will be repaid once the Corporation's business plan is implemented. The lender has the option to be repaid in cash or shares of the Corporation.

## 6. SHARE CAPITAL

### Authorized

Unlimited number of common shares, without par value.

### Issued

| | |
|---|---|
| 13,111,431 common shares | $ 52,500 |

On April 24, 2013, the Corporation issued 2 common shares at a price of $0.05 per share to two officers of Sparx for gross proceeds of $0.10. On May 7, 2013, these shares were redeemed and cancelled for $95,000 in cash in respect of services rendered by these officers.

On May 31, 2013, the Corporation cancelled its 1 incorporating share and issued 13,111,431 common shares for $17,500 in cash and an assignment of the Doran mineral property interest under a plan of arrangement (see note 4).

### Warrants

Details of common share purchase warrants outstanding at September 30, 2013 are as follows:

| | Number of Warrants | Exercise price | Expiry date |
|---|---|---|---|
| Share purchase warrants | | | |
| Issued under amended plan of arrangement | 12,100,000 | $ 0.10 | April 8, 2018 |

Common share purchase warrant transactions during the nine months ended September 30, 2013 are as follows:

(Unaudited – Expressed in Canadian Dollars)

## 6. SHARE CAPITAL, continued

| | September 30, 2013 | | |
|---|---|---|---|
| | Number of warrants | Weighted average exercise price | Fair value |
| Outstanding - beginning of period | - | $ - | $ - |
| Issued | 12,100,000 | 0.10 | - |
| Outstanding - end of period | 12,100,000 | $ 0.10 | $ - |

The weighted average remaining contractual life of the issued and outstanding warrants as at September 30, 2013 was 54 months.

Effective July 10, 2013, the Arrangement between the Corporation and Glenmark was amended. Under the original plan, the Corporation was required to issue one common share to warrant holders of Glenmark for each Glenmark warrant exercised in return for a portion of the proceeds received by Glenmark. The exact amount to be paid would be determined by the fair market value of the assets received by Sparx under the Arrangement compared to the total fair market value of the assets of Glenmark as of May 31, 2013 immediately prior to the completion of the Arrangement.

Under the amended Arrangement, Glenmark warrant holders will receive an equal number of Sparx warrants exercisable on the same terms as the Glenmark warrants. Upon exercise of any current outstanding Glenmark share purchase warrants, Glenmark will not be required to remit any portion of the exercise price of these warrants to Sparx.

In connection with this amendment, Sparx has completed the issuance of 12,100,000 share purchase warrants on August 12, 2013. Each warrant entitles the holder to acquire common shares of Sparx at a price of $0.10 per share until April 8, 2018. All of the warrants issued will be subject to a statutory hold period expiring December 13, 2013.

## 7. FINANCIAL INSTRUMENT RISKS

*Fair Values*

As at June 30, 2013, the Corporation's financial instruments consist of amounts receivable 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.

## 7. FINANCIAL INSTRUMENT RISKS, continued

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

*Credit Risk*

The Corporation is not exposed to any significant credit risk as it has limited cash balances at September 30, 2013.

*Interest Rate and Foreign Exchange Risks*

Sparx has cash balances and only fixed interest-bearing debt. The Corporation is not exposed to any significant interest rate or foreign exchange risks.

*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 September 30, 2013.

## 8. 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.

## 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

On May 31, 2013, the Corporation acquired the Doran property interest with a fair value of $35,000 from its parent company, Glenmark, as part of the Arrangement described in note 4.

## 10. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from advances or the provision of services and fees described.

During the three and nine months ended September 30, 2013, the Corporation incurred $2,500 and $24,500, respectively, in consulting fees paid to an existing director and two former directors. At September 30, 2013, the Corporation owed the existing director $2,100 (December 31, 2012- $Nil) in respect of these fees.

## 11. EVENT AFTER THE REPORTING PERIOD

On October 18, 2013, Sparx entered into a letter of intent ("LOI") to acquire the Mankota Helium Project, located in southern Saskatchewan, and a right of first refusal on certain U.S. projects, from Weil Group Resources, LLC. In the event that the acquisition is completed, the Corporation will consolidate its current share capital on the basis of 1 new share for every 1.61 old shares and change its name to "Weil Helium One Inc.". Subsequently the Corporation must complete a private placement of not less than $5,000,000 and obtain a listing on the TSX Venture Exchange. The vendors, Weil Group Resources, LLC, will receive 29,000,000 post-consolidation common shares of the Corporation in consideration for the property. The transaction also contemplates inclusion of other customary closing conditions.

On November 19, 2013 the parties signed a letter agreement extending the period to sign a definitive agreement, under the terms of the LOI, to 60 days from the period agreed under the LOI of 30 days.