SPARX ENERGY CORP.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Unaudited – Expressed in Canadian Dollars)

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)

	June 30 2016	December 31 2015
ASSETS		
Current assets		
Cash	$ 417	$ 40
Amounts receivable	182	309
	$ 599	$ 349
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 97,398	$ 87,687
Loans payable (note 3)	131,194	123,205
	228,592	210,892
SHAREHOLDERS' DEFICIENCY		
Share capital (note 4)	52,500	52,500
Deficit	(280,493)	(263,043)
	(227,993)	(210,543)
	$ 599	$ 349

Nature and continuance of operations (note 1)

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 interim financial statements

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

	For the three months ended June 30		For the six months ended June 30	
	2016	**2015**	**2016**	**2015**
EXPENSES				
Bank charges	$ 72	$ 60	$ 120	$ 95
Consulting fees (note 7)	2,100	2,100	4,200	4,200
Interest	3,108	3,178	6,203	5,748
Office	13	-	102	10
Professional fees	1,220	720	2,974	2,587
Regulatory and transfer agent fees	3,024	2,509	3,851	5,748
Net and comprehensive loss for the period	$ 9,537	$ 8,567	$ 17,450	$ 18,388
Basic and diluted loss per share (note 8)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Weighted average number of common shares outstanding	13,111,431	13,111,431	13,111,431	13,111,431

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

SPARX ENERGY CORP.
INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Deficit	Total Shareholders' Deficiency
Balance at January 1, 2015	13,111,431	$ 52,500	$ (229,013)	$ (176,513)
Net and comprehensive loss for the period	-	-	(18,388)	(18,388)
Balance at June 30, 2015	13,111,431	52,500	(247,401)	(194,901)
Balance at January 1, 2016	13,111,431	52,500	(263,043)	(210,543)
Net and comprehensive loss for the period	-	-	(17,450)	(17,450)
Balance at June 30, 2016	13,111,431	$ 52,500	$ (280,493)	$ (227,993)

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

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

	For the six months ended June 30	
	2016	**2015**
Cash provided by (used for):		
Operating activities		
Net and comprehensive loss	$ (17,450)	$ (18,388)
Change in non-cash working capital:		
Amounts receivable	127	(183)
Prepaid expenses	-	2,040
Accounts payable and accrued liabilities	9,711	7,288
	(7,612)	(9,243)
Financing activities		
Loan advances (note 3)	7,989	9,275
	7,989	9,275
Change in cash during the period	377	32
Cash, beginning of the period	40	316
Cash, end of the period	$ 417	$ 348

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Sparx Energy Corp. (“Sparx” or the "Corporation") was incorporated in the Province of British Columbia on October 5, 2012. For the period October 5, 2012 to May 31, 2013, the Corporation was a wholly owned subsidiary of Aldever Resources Inc. (formerly Glenmark Capital Corp.) (“Aldever”), which is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests.

During October, 2012, Aldever’s board of directors approved a plan of arrangement (the “Arrangement”) between Aldever and its four wholly-owned subsidiaries, including Sparx. As a result of the completion of the Arrangement on May 31, 2013, Aldever 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 2200-885 West Georgia Street, Vancouver, BC V6C 3E8.

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 no source of operating revenue, has incurred operating losses and at June 30, 2016 had a deficit of $280,493 and net negative working capital of $227,993. 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.

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 5 and 6.

These interim financial statements were authorized for issue on August 26, 2016 by the directors of the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

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 year ended December 31, 2015, which have been prepared in accordance with IFRS.

The financial statements of the Corporation have been prepared on an accrual and historical cost basis, except for financial instruments that have been measured at fair value. The presentation and functional currency of the Corporation is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of 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.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Corporation to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Corporation's interim financial statements include:

- the assessment of the Corporation's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

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.

Recent accounting pronouncements

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that 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.

(Unaudited – Expressed in Canadian Dollars)

3. 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 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 $131,194 (December 31, 2015 - $123,205) 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.

4. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

Issued

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.

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.

Warrants

Details of common share purchase warrants outstanding at June 30, 2016 and December 31, 2015 are as follows:

	Jun 30, 2016 Outstanding Warrants	Dec 31, 2015 Outstanding Warrants	Exercise price	Expiry
Share purchase warrants				
Issued pursuant to amended Arrangement	12,000,000	12,100,000	$ 0.10	April 8, 2018

(Unaudited – Expressed in Canadian Dollars)

4. SHARE CAPITAL *(continued)*

Common share purchase warrant transactions during the six months ended June 30, 2016 and 2015 are as follows:

	Jun 30, 2016					Jun 30, 2015				
	Number of Warrants		Weighted average exercise price		Fair Value	Number of Warrants		Weighted average exercise price		Fair Value
Outstanding - beginning of period	12,100,000	$	0.10	$	-	12,100,000	$	0.10	$	-
Cancelled	(100,000)		0.10		-	-		-		-
Outstanding - end of period	12,000,000	$	0.10	$	-	12,100,000	$	0.10	$	-

The weighted average remaining contractual life of the issued and outstanding warrants as at June 30, 2016 was 1.75 years.

Effective July 10, 2013, the plan of arrangement between the Corporation and Aldever was amended. Under the original plan the Corporation was required to issue one common share to warrant holders of Aldever for each Aldever warrant exercised in return for a portion of the proceeds received by Aldever. 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 Aldever as of May 31, 2013 immediately prior to the completion of the arrangement.

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

In connection with this amendment, Sparx 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. On March 1, 2016, 100,000 share purchase warrants were cancelled.

5. FINANCIAL INSTRUMENTS

Fair Values

As at June 30, 2016, the Corporation's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and loans payable.

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.

5. FINANCIAL INSTRUMENTS *(continued)*

Fair Values *(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 cash, amounts receivable, accounts payable and accrued liabilities, and loans payable is determined on level 1 inputs and the carrying amounts approximate the fair values 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 June 30, 2016.

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 and loans payable requirements. The Corporation did not maintain sufficient cash balances to meet its needs at June 30, 2016.

Price Risk

The Corporation is not exposed to price risk.

6. 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.

(Unaudited – Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTION

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 six month period ended June 30, 2016, the Corporation incurred $3,600 plus GST (2015 - $3,600 plus GST) in consulting fees paid to an existing director and a company in which a director is a principal. At June 30, 2016, the Corporation owed the director $19,495 (2015 - $13,155) in respect of these fees and out of pocket expenses.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the six month period ended June 30, 2016.

8. LOSS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The warrants outstanding as at June 30, 2016 have not been included in the calculation of diluted earnings per share as the effect of their inclusion would be anti-dilutive. Loss per share is calculated as follows:

	For the six months ended June 30	
	2016	**2015**
Loss for the period	$ (17,450)	$ (18,388)
Weighted average number of shares outstanding	13,111,431	13,111,431
Basic and diluted loss per share	$ (0.00)	$ (0.00)