

WEST POINT RESOURCES INC.

Financial Statements

April 30, 2014 and 2013

(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, 2014 and 2013 and the statements of 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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, 2014 and 2013, and its financial performance and 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 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of West Point Resources Inc. to continue as a going concern.

/s/ "MANNING ELLIOTT LLP"

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
July 17, 2014

WEST POINT RESOURCES INC.

Statements of financial position
As at April 30, 2014 and 2013
(Expressed in Canadian dollars)

	2014	2013
	\$	\$
Assets		
Current assets		
Cash	241,261	6,024
Amounts receivable	1,058	4,927
Prepaid expenses	41,667	–
Total current assets	283,986	10,951
Non-current assets		
Deferred financing costs	–	29,000
Mineral property costs (Note 3)	22,800	50,000
Total non-current assets	22,800	79,000
Total assets	306,786	89,951
Liabilities		
Current liabilities		
Accounts payable	26,857	20,851
Due to related parties (Note 4)	1,800	1,800
Flow-through premium liability (Note 5)	53,035	12,600
Total liabilities	81,692	35,251
Shareholders' Equity		
Share capital (Note 5)	862,704	267,167
Contributed surplus (Note 6)	164,161	85,897
Deficit	(801,771)	(298,364)
Total shareholders' equity	225,094	54,700
Total liabilities and shareholders' equity	306,786	89,951

Nature of operations and continuance of business (Note 1)

Commitments (Note 8)

Subsequent events (Note 13)

Approved on behalf of the Board on July 17, 2014:

/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, 2014 and 2013
(Expressed in Canadian dollars)

	2014	2013
	\$	\$
Operating expenses		
Investor relations	164,859	6,461
Mineral exploration costs (Note 3)	18,489	8,428
Office and miscellaneous	20,288	5,415
Professional fees	38,178	38,765
Share-based payments (Note 6)	78,264	—
Transfer agent and filing fees	29,266	19,215
Travel	24,723	—
Total operating expenses	374,067	78,284
Net loss before other items	(374,067)	(78,284)
Other income (expenses)		
Recovery of flow-through premium liability (Note 5)	2,515	—
Impairment of mineral property costs (Note 3)	(50,000)	—
Mineral property option termination costs (Note 3)	(81,855)	—
Net loss and comprehensive loss	(503,407)	(78,284)
Loss per common share, basic and diluted	(0.06)	(0.02)
Weighted average common shares outstanding	7,934,355	4,284,934

(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, 2013 and 2014

(Expressed in Canadian dollars)

	Share capital – common shares		Share subscriptions receivable	Contributed surplus	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance, April 30, 2012	4,139,500	233,903	300	80,246	(220,080)	94,369
Shares issued pursuant to private placement – non flow-through	148,227	22,234	–	–	–	22,234
Shares issued pursuant to private placement – flow- through	126,000	31,500	–	–	–	31,500
Reduction for flow-through share premium	–	(12,600)	–	–	–	(12,600)
Subscriptions received	–	300	(300)	–	–	–
Shares issued as finders' fees pursuant to private placement	73,000	15,400	–	–	–	15,400
Warrants issued as finders' fees pursuant to private placement	–	–	–	5,651	–	5,651
Share issuance costs	–	(23,570)	–	–	–	(23,570)
Net loss for the year	–	–	–	–	(78,284)	(78,284)
Balance, April 30, 2013	4,486,727	267,167	–	85,897	(298,364)	54,700
Shares issued pursuant to initial public offering – flow-through	859,000	128,850	–	–	–	128,850
Shares issued pursuant to initial public offering – non flow-through	6,628,100	662,810	–	–	–	662,810
Reduction for flow-through share premium	–	(42,950)	–	–	–	(42,950)
Shares issued as finders' fees pursuant to initial public offering	798,710	79,871	–	–	–	79,871
Share issuance costs	–	(293,044)	–	–	–	(293,044)
Shares issued pursuant to mineral property purchase agreement	300,000	15,000	–	–	–	15,000
Shares issued pursuant to termination of mineral property option agreement	1,500,000	45,000	–	–	–	45,000
Share-based payments	–	–	–	78,264	–	78,264
Net loss for the year	–	–	–	–	(503,407)	(503,407)
Balance, April 30, 2014	14,572,537	862,704	–	164,161	(801,771)	225,094

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

WEST POINT RESOURCES INC.

Statement of cash flows

For the years ended April 30, 2013 and 2014

(Expressed in Canadian dollars)

	2014	2013
	\$	\$
Operating activities		
Net loss	(503,407)	(78,284)
Items not involving cash:		
Share-based payments	78,264	—
Impairment of mineral property costs	50,000	—
Mineral property option termination costs	45,000	—
Recovery of flow-through premium liability	(2,515)	—
Changes in non-cash operating working capital:		
Amounts receivable	3,869	6,083
Accounts payable	6,005	20,851
Deferred financing costs	29,000	(29,000)
Prepaid expenses	(41,667)	—
Net cash used in operating activities	(335,451)	(80,350)
Investing activities		
Mineral property acquisition costs	(7,800)	—
Net cash used in investing activities	(7,800)	—
Financing activities		
Proceeds from issuance of common shares	791,660	53,735
Share issuance costs	(213,172)	(2,520)
Net cash provided by financing activities	578,488	51,215
Change in cash	235,237	(29,135)
Cash, beginning of year	6,024	35,159
Cash, end of year	241,261	6,024
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, 2014 and 2013

(Expressed in Canadian dollars)

1. Nature of Operations

West Point Resources Inc. (the "Company") is a public company listed on the TSX Venture exchange ("TSXV") and trades under the symbol WPO. Effective June 26, 2014, the Company delisted from the TSXV and listed on the Canadian Securities Exchange ("CSE") under the symbol BLO. The Company was incorporated on April 5, 2011 under the BC Business Corporations Act. 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 Quebec, Canada. The Company is also in the process of evaluating potential new projects, including but not limited to mineral properties. It has not yet been determined whether the Company's 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 a 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, 2014, the Company has no source of revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$801,771. These factors form a material uncertainty that may cast significant 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.

These financial statements were approved and authorized for issuance on July 17, 2014, by the Board of Directors.

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.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2014 and 2013

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates (continued)

Significant areas requiring the use of estimates include the useful life and recoverability of the carrying value 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.

(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 Acquisition 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, 2014 and 2013

(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 statement of financial position asset and liability method on temporary differences at the reporting date between the tax basis 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, 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, 2014 and 2013

(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 probable 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) Share-based payments

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, 2014 and 2013

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Adoption of new or amended accounting standards

New accounting standards adopted by the Company

The mandatory adoption of the following new and revised accounting standards and interpretations on May 1, 2013 had no significant impact on the Company's financial statements for the years presented:

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. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of the previous 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 a 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 IFRS 11, proportionate consolidation is no longer permitted.

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.

IAS 1 – Presentation of Financial Statements

In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be reclassified to profit or loss in future periods.

IAS 27 – Separate Financial Statements

As a result of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 has been reissued to only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures

As a consequence of the issuance of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended to provide accounting guidance for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 is applied by all entities that are investors with joint control of, or significant influence over, an investee.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2014 and 2013

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(m) Adoption of new or amended accounting standards (continued)

New accounting standards adopted by the Company (continued)

IFRIC 20 – Production Stripping Costs

In October 2011, the IASB issued IFRIC 20, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate (i) that it is probable future economic benefits will flow to the entity, (ii) the component of the ore body for which the access has been improved is identifiable, (iii) the costs related to the stripping activity associated with that component can be reliably measured.

Accounting Standards and Amendments Issued But Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2014.

The following standards will be adopted effective May 1, 2014:

IAS 36 – Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal. Management does not expect that the adoption of this standard will have a significant effect on the financial statements of the Company.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. Management does not expect that the adoption of this standard will have a significant effect on the financial statements of the Company.

The following standard will be adopted effective May 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. The Company is currently evaluating the impact the final interpretation is expected to have on the financial statements of the Company.

WEST POINT RESOURCES INC.

Notes to the financial statements
For the years ended April 30, 2014 and 2013
(Expressed in Canadian dollars)

3. Mineral Property Costs

Mineral property acquisition costs capitalized:

	Ruby Range	Monster Lake South
	\$	\$
Balance, April 30, 2012 and 2013	50,000	-
Additions	-	22,800
Impairment	(50,000)	-
Balance, April 30, 2014	-	22,800

Mineral exploration costs expensed:

	For the year ended April 30,	
	2014	2013
	\$	\$
Ruby Range:		
Claims maintenance fees	17,850	2,778
Geophysics	638	550
Equipment rental, field supplies, and other	-	5,100
	18,488	8,428

No exploration costs have been incurred on the Monster Lake South property during the years ended April 30, 2014 and 2013.

Ruby Range Property

On November 9, 2011 and amended last on September 10, 2013, the Company entered into an option agreement with Rockhaven Resources Ltd. to acquire a 100% interest in the Klaune, JPR and Gladstone Properties (collectively the Ruby Range property) located in the Whitehorse Mining District of southern Yukon, Canada. On February 10, 2014 the option agreement with Rockhaven Resources Ltd. was terminated.

Furthermore, pursuant to the option agreement, the Company issued 1,500,000 common shares of the Company valued at \$45,000 to Rockhaven Resources Ltd. upon termination. The Company also paid cash termination costs of \$36,855. All acquisition costs previously capitalized, totaling \$50,000, were written-off. All claims in the Ruby Range property were returned to Rockhaven Resources Ltd.

Monster Lake South Property

On February 10, 2014 the Company entered into an agreement to purchase 100% of the early stage exploration property known as the Monster Lake South or "Hazeur" gold property (the "Property") in Quebec, Canada. As consideration, the Company paid \$7,800 in cash and issued 300,000 common shares of the Company valued at \$15,000.

The Property is subject to a 2% net smelter returns ("NSR") royalty payable by the Company. Payments of the NSR interests shall begin nine months after the property is deemed to be in commercial production.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2014 and 2013

(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.

	For the year ended April 30,	
	2014	2013
	\$	\$
Stock-based compensation	48,421	-

As at April 30, 2014, the amount of \$1,800 (2013 - \$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, 2014:

- (a) On March 5, 2014, the Company issued 300,000 common shares valued at \$15,000 pursuant to the agreement to purchase the Monster Lake South property.
- (b) On February 7, 2014, the Company issued 1,500,000 common shares valued at \$45,000 upon termination of the Ruby Range option agreement.
- (c) On December 16, 2013, the Company completed its Initial Public Offering ("IPO") for listing on the TSXV. The Company issued 6,628,100 non flow-through units ("NFT") at a price of \$0.10 per unit and 859,000 flow-through ("FT") units at a price of \$0.15 per FT unit for gross proceeds of \$791,660. Each NFT unit consisted of one common share and one-half of one non-transferable common share purchase warrant exercisable at \$0.20 per non flow-through common share for a period of 60 months from the closing date of the IPO. Each FT unit consisted of one common share and one-half of one non-transferable common share purchase warrant exercisable at \$0.25 per common share for a period of 60 months from the closing date of the IPO.

The Company paid finders' fees of \$79,166 and issued 798,710 common shares to the finders valued at \$79,871. The Company also incurred other share issuance costs of \$134,007.

Of the 8,285,810 shares issued, 3,075,000 shares were placed in escrow, of which 307,500 were released, leaving 2,767,500 shares remaining in escrow. The remaining shares will be released in tranches of 15% every six months.

The Company allocated \$42,950 of the proceeds as a flow-through share premium. As no eligible expenditures were incurred against the Company's associated flow-through commitment to April 30, 2014, the entire flow-through premium liability remains.

WEST POINT RESOURCES INC.

Notes to the financial statements

For the years ended April 30, 2014 and 2013

(Expressed in Canadian dollars)

5. Share Capital (continued)

Share issuances for the year ended April 30, 2013:

- (a) 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.
- (b) 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 finders' fees and commission of \$2,520.

The Company allocated \$12,600 of the proceeds as flow-through share premium. As at April 30, 2014, \$6,288 of eligible expenditures have been incurred against the Company's associated flow-through commitment, and therefore, \$2,515 has been recorded as recovery of flow-through premium liability. The remaining flow-through premium liability as at April 30, 2014 is \$10,085 (2013 - \$12,600).

- (c) On May 1, 2012, the Company issued 73,000 common valued at \$15,400 as finders' fees in connection with the December 30, 2011 and the January 4, 2012 private placements.

6. Stock Options

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.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price \$
Outstanding and exercisable, April 30, 2012	420,000	0.20
Cancelled	(420,000)	0.20
Outstanding and exercisable, April 30, 2013	—	—
Granted	1,445,000	0.10
Outstanding and exercisable, April 30, 2014	1,445,000	0.10

WEST POINT RESOURCES INC.

Notes to the financial statements

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6. Stock Options (continued)

The fair value of stock options granted during the year ended April 30, 2014 was \$78,264. All options vested fully upon grant.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	2014
Share price	\$ 0.07
Risk-free interest rate	1.78%
Expected life (in years)	5
Expected volatility	115%
Expected dividend yield	0%

The weighted average fair value of stock options granted during the year ended April 30, 2014 was \$0.05 per stock option.

Details of stock options outstanding at April 30, 2014 are as follows:

Expiry Date	Exercise Price	Number of options	Remaining contractual life (years)
April 3, 2019	\$ 0.10	1,445,000	4.93

7. Share Purchase Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, April 30, 2012	–	–
Issued	527,443	0.26
Balance, April 30, 2013	527,443	0.26
Issued pursuant to IPO	3,314,050	0.20
Issued pursuant to IPO	429,500	0.25
Balance, April 30, 2014	4,270,993	0.21

During the year ended April 30, 2013, the Company issued 46,580 warrants to the agents of the private placement closed in December 2012 (see Note 5). The fair values for warrants issued have been estimated using the Black-Scholes option pricing model with the following range of assumptions:

	2013
Share price	\$ 0.15 – \$0.20
Risk-free interest rate	1.22% – 1.37%
Expected life (in years)	2 – 5
Expected volatility	113% – 125%
Expected dividend yield	0%

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7. Share Purchase Warrants (continued)

The weighted average fair value of warrants granted during the year ended April 30, 2013 was \$0.12 per warrant.

Details of warrants outstanding as at April 30, 2014 are as follows:

Expiry date	Exercise price	Number of warrants	Remaining contractual life (years)
	\$		
December 10, 2014	0.35	63,000	0.61
December 10, 2014	0.35	10,080	0.61
February 13, 2015	0.25	74,113	0.79
January 27, 2017	0.25	380,250	2.75
December 16, 2018	0.20	3,314,050	4.63
December 16, 2018	0.25	429,500	4.63
		4,270,993	

8. Commitments

- (a) The Company closed a flow-through portion of the IPO on December 16, 2013 and is committed to spending approximately \$128,850 by December 31, 2014, as part of the flow-through funding agreements related to mineral properties. As at April 30, 2014, the full spending commitment remains as no expenditures were incurred.
- (b) The Company closed a flow-through portion of a private placement closed in December 2012. The Company is committed to spending approximately \$31,500 by December 31, 2014, as part of the flow-through funding agreements related to mineral properties. As at April 30, 2014, the Company has spent \$6,287 and has a remaining balance of \$25,213.
- (c) The Company indemnifies the subscribers of flow-through shares from any tax consequences that could arise if the Company failed to meet its commitments under the flow-through subscription agreements.

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, 2014 as follows:

	Fair Value Measurements Using			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Cash	241,261	–	–	241,261

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.

WEST POINT RESOURCES INC.

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9. Financial Instruments and Risks (continued)

(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.

(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.

WEST POINT RESOURCES INC.

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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:

	2014	2013
Combined statutory income tax rate	26%	25%
	\$	\$
Income tax recovery at combined statutory rate	(131,300)	(19,571)
Tax effect of:		
Non-deductible expenses	(51,633)	(654)
Adjustments related to mineral properties	13,041	—
Effect of flow-through shares	41,823	—
Change in enacted tax rates	(1,151)	—
Change in tax benefit not recognized	129,220	20,225
Income tax provision	—	—

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

	2014	2013
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	84,010	25,250
Mineral properties	13,557	3,069
Share issuance costs	63,311	3,339
Total gross deferred income tax assets	160,878	31,658
Tax benefit not recognized	(160,878)	(31,658)
Net deferred income tax asset	—	—

As at April 30, 2014, the Company has non-capital losses carried forward of approximately \$323,000, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2032	27,000
2033	74,000
2034	222,000
	323,000

The Company also has available mineral resource related expenditure pools totalling \$74,944 which may be deducted against future taxable income on a discretionary basis.

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13. Subsequent events

- (a) On June 10, 2014 the Company entered into a definitive licensing agreement ("Licensing Agreement") with Cannabix Breathalyzer Inc. ("Cannabix") to develop a marijuana breathalyzer for use by law enforcement to test for drug-impaired drivers, in particular drivers who are impaired due to the use of marijuana.

In consideration, the Company issued 7,500,000 common shares to the current shareholders of Cannabix and issued 7,500,000 warrants exercisable at \$0.075 for a period of one year to Cannabix. Cannabix will nominate two members to the Board of Directors of the Company. The Company is also required to issue 7,500,000 common shares as an additional milestone payment within 14 business days of the production/delivery of a prototype. Furthermore, the Company will issue another 5,000,000 common shares to shareholders of Cannabix upon the completion of a patent that is transferred to the Company.

For the rights granted, the Company shall pay Cannabix a royalty of three percent (3%) of the Company's selling price for each cannabis breath testing device manufactured, used, or sold by the Company in North America or imported by the Company into North America.

- (b) On June 26, 2014, the Company delisted from the TSXV and listed on the CSE under the trading symbol BLO.
- (c) On June 30, 2014, the Company closed a non-brokered private placement for gross proceeds of \$787,992 through the sale of 15,759,841 units. Each unit was priced at \$0.05 and comprised of one common share and one-half of one non-transferrable common share purchase warrant exercisable at \$0.10 per common share for a period of 12 months from the date of closing. All warrants are subject to an early acceleration provision which provides for the mandatory exercise or expiry of the warrants in the event the Company's shares close at \$0.13 or higher for at least 10 consecutive trading days. In such event, the warrants will accelerate and expire 30 days after the company has given notice of the accelerated conversion to the warrant holders.

In connection with the private placement, the Company paid finders' fees of \$25,375 in cash and issued 564,900 common shares of the Company.

- (d) Subsequent to year-end, the Company issued 2,800,000 common shares for gross proceeds of \$210,000 pursuant to the exercise of warrants by Cannabix.