Foxpoint Capital Corp.

Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

Foxpoint Capital Corp.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All of the information in the unaudited interim consolidated financial statements of Foxpoint Capital Corp. is the responsibility of management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where necessary, management has made judgments and estimates in preparing the consolidated financial statements, and such statements have been prepared within acceptable limits of materiality. The financial information contained elsewhere in the management discussion and analysis annual report has been reviewed to ensure that it is consistent with the unaudited interim consolidated financial statements.

Management maintains appropriate systems of internal control, given its size, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility principally through the Audit Committee.

Fraser Buchan
Chief Executive Officer
April 24, 2013

Dustin K. Angelo
Chief Financial Officer
April 24, 2013

Collins Barrow
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Foxpoint Capital Corp.
(A Capital Pool Company)

We have audited the accompanying consolidated financial statements of Foxpoint Capital Corp. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 the auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Foxpoint Capital Corp. and its subsidiary as at December 31, 2012 and December 31, 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 24, 2013
Toronto, Ontario

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Presented in Canadian dollars

	Notes	December 31, 2012	December 31, 2011
ASSETS			
Current			
Cash	7	**$ 191,765**	$ 439,141
Accounts receivable	7	**10,182**	10,182
HST recoverable		**68,856**	35,910
Total assets		**$ 270,803**	$ 485,233
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	**$ 249,164**	$ 141,774
Total liabilities		**249,164**	141,774
SHAREHOLDERS' EQUITY			
Share capital	3,6	**670,839**	658,809
Option reserve		**33,803**	36,013
Deficit		**(683,003)**	(351,363)
Total shareholders' equity		**21,639**	343,459
Total liabilities and shareholders' equity		**$ 270,803**	$ 485,233
Subsequent events	9		

See accompanying notes to the consolidated financial statements

Fraser Buchan (*signed*), Director

Stephen McLean Jr (*signed*), Director

Foxpoint Capital Corp.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Presented in Canadian dollars

	Notes	For the years ended December 31, 2012	2011
General and administrative			
Audit and accounting		**$ 15,900**	$ 17,279
Accounting services recovery		**-**	(12,000)
Legal		**-**	22,115
TSX venture exchange		**14,430**	12,765
Transfer agent and trust		**14,333**	11,015
Other general and administrative		**2,698**	12,536
Total general and administrative		**47,361**	63,710
Qualifying transaction identification	8	**284,279**	115,883
Net loss and comprehensive loss		**$ 331,640**	$ 179,593
Basic and diluted loss per share	5	**$ 0.26**	$ 0.14
Basic and diluted shares outstanding	5	**1,277,904**	1,250,000

See accompanying notes to the consolidated financial statements

Foxpoint Capital Corp.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Presented in Canadian dollars

	Note	Share capital: Shares	Share capital: Dollars	Option reserve	Accumulated deficit	Total equity
December 31, 2010		6,250,000	$ 658,809	$ 36,013	$ (171,770)	$ 523,052
Net loss		-	-	-	(179,593)	(179,593)
December 31, 2011		**6,250,000**	**$ 658,809**	**$ 36,013**	**$ (351,363)**	**$ 343,459**
Stock option exercises		**49,100**	**12,030**	**(2,210)**	**-**	**9,820**
Cancellation of shares	1	**(2,050,000)**	**-**	**-**	**-**	**-**
Net loss		**-**	**-**	**-**	**(331,640)**	**(331,640)**
December 31, 2012		**4,249,100**	**$ 670,839**	**$ 33,803**	**$ (683,003)**	**$ 21,639**

See accompanying notes to the consolidated financial statements

Foxpoint Capital Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Presented in Canadian dollars

	For the years ended December 31,	
	2012	2011
Net loss	**$ (331,640)**	$ (179,593)
Share-based payment expense		-
Changes in non-cash assets and liabilities		
Accounts payable and accrued liabilities	**97,570**	71,738
Related party liabilities	**-**	(10,170)
HST recoverable	**(32,946)**	(21,518)
Accounts receivable	**-**	(10,182)
Cash used in operating activities	**(267,016)**	(149,725)
Cash flows from investing activities	**-**	-
Exercise of stock options	**9,820**	-
Cash provided from financing activities	**9,820**	-
Decrease in cash for the period	**(247,376)**	(149,725)
Cash at the beginning of the period,	**439,141**	588,866
Cash at the end of the period,	**$ 191,765**	$ 439,141

See accompanying notes to the consolidated financial statements

1. NATURE OF THE COMPANY

Foxpoint Capital Corp. (“Foxpoint” or the "Company") was incorporated under the Business Corporations Act (Ontario) on December 16, 2009 and commenced activities on January 29, 2010. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange"). The Company has not commenced commercial operations and its only assets are cash, accounts receivable and HST recoverable. On December 8, 2011, 2308800 Ontario Inc., was incorporated under the laws of Ontario and is a wholly-owned subsidiary of the Company. 2308800 Ontario Inc. has not carried on any business to date and was incorporated for the purpose of implementing the Qualifying Transaction described in note 9. The Company proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange policy 2.4. There can be no assurance that the Company will complete the Qualifying Transaction within the stipulated time frame as required by the Exchange.

The registered head office is 200-83 Yonge Street, Toronto, Ontario, Canada.

Following the meeting of the Company’s shareholders on September 4, 2012, the Company transferred its listing to the NEX Board of the TSX Venture Exchange. Further, pursuant to Exchange Policy 2.4 – *Capital Pool Companies*, the Company cancelled 2,050,000 common shares of the Company held by certain non-arm’s length parties in Foxpoint.

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The financial statements of the Company for the years ended December 31, 2012 and 2011, have been prepared by management and approved and authorized for issue by the Board of Directors on April 24, 2013. Shortly thereafter, the financial statements are made available to shareholders and others through filing on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

The functional currency of the Company and its subsidiary is the Canadian dollar and the consolidated financial statements have been presented in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIESAND RECENT ACCOUNTING PRONOUNCEMENTS

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
These consolidated financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary 2308800 Ontario Inc. All intercompany transactions and balances have been eliminated. The financial statements of the subsidiary are consolidated from the date that control commences until the date that control ceases.

Use of Estimates
The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to income taxes, share-based payments and allowance for doubtful receivables.

Loss per Share
Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently are not included in the loss per share calculation until the date these shares are no longer subject to recall. The diluted loss per share reflects the potential dilution of securities that could share in the earnings (loss) of an entity. The dilutive effect of outstanding stock options is calculated by determining the proceeds for the exercise of such securities which are then assumed to be used to purchase common shares of the Company.
For the years ended December 31, 2012 and 2011, potentially dilutive common shares issuable on exercise of stock options outstanding at year-end were not included in the computation of loss per share because their effect was anti-dilutive.

Financial Instruments
Financial assets and liabilities designated as fair value through profit or loss are measured at fair value with changes in those values recognized in the consolidated statement of operations. Financial assets available for sale are measured at fair value with changes in those values recognized in other comprehensive income. Financial assets held to maturity, loans and other receivables and other financial liabilities are measured at amortized cost using the effective interest method.
The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Fair value through profit or loss
Accounts receivable	Loans and receiviables
Accounts payable and accrued liabilities	Other financial liabilities

Fair Value through profit and loss

Financial assets are classified as fair value through profit and loss when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are subsequently measured at fair value on each subsequent reporting date. The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2012, except for cash, none of the Company's financial instruments are recorded at fair value in the consolidated statement of financial position. Cash is classified as Level 1.

Income Taxes
The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognized in the consolidated statements of operations and comprehensive loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the consolidated statement of financial position date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments
The fair value of share options is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and expensed over the period during which the recipient becomes unconditionally entitled to the equity instruments. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

The fair value of the instruments granted is measured using a Black-Scholes valuation technique, taking into account the terms and conditions upon which the instruments are granted. At each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of operations and comprehensive loss, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised.

Share Issuance Costs
Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

Costs incurred with respect to the Qualifying Transaction identification are charged to the consolidated statement of loss and comprehensive loss.

RECENT ACCOUNTING PRONOUNCEMENTS

The IASB and the International Financial Reporting Interpretations Committee has issued certain pronouncements which will be effective for accounting periods beginning on or after January 1, 2013. Many of these pronouncements are not applicable and have been excluded from the discussion below.

In May 2011, the IASB issued the following IFRS standards and amended standards:

•IFRS 9 Financial Instruments,
•IFRS 10 Consolidated Financial Statements,
•IFRS 11 Joint Arrangements,
•IFRS 12 Disclosure of Interests in Other Entities,
•IFRS 13 Fair Value Measurement,
•IAS 27 Separate Financial Statements, and
•IAS 28 Investments in Associates and Joint Ventures

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

IFRS 10 Consolidated Financial Statements ("IFRS 10") will replace portions of *IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. Under IFRS 10, an investor is deemed to control 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 rights through its power over the investee. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 11 Joint Arrangements ("IFRS 11") applies when accounting for interests in joint arrangements where there is joint control. Joint arrangements would be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. The option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed and equity accounting would be required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 12 Disclosure of Involvement with Other Entities ("IFRS 12") includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 13 Fair Value Measurement ("IFRS 13") will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IAS 27 Separate Financial Statements ("IAS 27"): As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IAS 28 Investments in Associates and Joint Ventures ("IAS 28") - As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

3. SHARE CAPITAL

Authorized
Unlimited common shares

Issued
During the year ended December 31, 2012, 49,100 shares were issued as a result of the exercise of stock options. No shares were issued during the year ended December 31, 2011.

As noted in note 1, 2,050,000 common shares of the Company held by non-arm's length parties were cancelled.

	Number	Value
Balance, December 31, 2011	6,250,000	$ 658,809
Add: Stock options exercised	49,100	12,030
Less: Shares cancelled	(2,050,000)	
December 31, 2012	**4,249,100**	**$ 670,839**

The 5,000,000 initially issued common shares of the Company became subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the final exchange bulletin (the "Initial Release") and an additional 15% will be released every six months thereafter following the Initial Release.

Pursuant to an Agency Agreement dated April 12, 2010, the Company filed a prospectus dated April 12, 2010, offering 1,250,000 common shares at a price of $0.20 per common share by way of an Initial Public Offering (the "Offering") pursuant to the policies of the Exchange governing Capital Pool Companies. On June 3, 2010, the Company completed the Offering, which raised gross proceeds of $250,000. The Company agreed to pay the Agent a commission of 7.5% of the gross proceeds of the Offering, a work fee of $7,500 plus GST and the Agent's legal fees.

4. INCENTIVE STOCK OPTIONS AND AGENT OPTIONS, AND STOCK OPTION RESERVE

In connection with the closing of the Offering, the Company entered into incentive stock option agreements with certain officers and directors entitling them to purchase, in aggregate, 450,000 common shares of the Company at a price of $0.20 per common share, exercisable for a period of five years from the date of grant, which was June 3, 2010.

The options' fair value was determined using the Black-Scholes option pricing model. Assumptions used in the model were a risk-free rate of 0.29%, no dividend yield, an expected option life of five years and expected volatility of 40%. Expected volatilities are based on comparable company historical movement, and other factors. The cost relating to the incentive stock options plan is included in share-based payments expense in the consolidated statement of loss.

Subject to Policy 2.4 of the Exchange, the Company may reserve, in aggregate, a number of common shares up to 10% of the total number of common shares outstanding from time to time.

The Agent was also granted non-transferable agent options to purchase 100,000 common shares of the Company at a price of $0.20 per common share, exercisable for a period of 24 months from June 8, 2010, the date of listing of the common shares on the Exchange. The options total value of $4,502 was determined using the Black-Scholes option pricing model. Assumptions used in the model were a risk-free rate of 0.29%, no dividend yield, an expected option life of two years and expected volatility of 40%. The value of the options was charged to share capital as a cost of the Offering and a corresponding credit to contributed surplus.

A total of 49,100 Agent stock options were exercised and 50,900 Agent options expired during the year ended December 31, 2012.

No stock options were issued during the years ended December 31, 2011 and 2012.

Expiry Date	Options Outstanding December 31, 2012	Exercise Price	Exercisable	Weighted Average Remaining Contractual Life (Years)
June 3, 2015	**450,000**	**$0.20**	**450,000**	**2.42**

5. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate for the years ended December 31, is as follows:

	Year ended December 31,	
	2012	2011
Loss before income taxes	**$331,640**	$179,593
Combined Canadian Federal and Provincial statutory rate	***26.3%***	28.0%
Income tax recovery at combined Canadian rate	**(87,056)**	(50,735)
Change in tax rate and other	**4,145**	5,837
Deferred tax assets not recognised in the current year	**82,911**	44,898
	$ -	$ -

	As at December 31,	
	2012	2011
Non-capital loss carryforwards	**$175,877**	$88,632
Share issue costs and other	**8,669**	13,003
	$184,546	$101,635

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from.
The tax losses in the amount of $703,506 can be carried forward to be offset against future taxable income.

6. LOSS PER SHARE

The basic and fully diluted loss per share has been calculated using the weighted average number of 1,277,904 for the year ended December 31, 2012, and 1,250,000 for the year ended December 31, 2011. There was no difference between basic and fully diluted shares as a result of the net loss for the period. 2,950,000 common shares were excluded from the calculation for the year ended December 31, 2012 and 5,000,000 common shares were excluded from the calculation for the year ended December 31, 2011 as they were contingently issuable and all the conditions necessary for their issuance have not been satisfied.

7. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of share capital, option reserve and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under policy 2.4 of the Exchange. The Company is not subject to any other externally imposed capital requirements. As at December 31, 2012, the Company's capital consists of equity in the amount of $21,639 (December 31, 2011 - $343,459). As at December 31, 2012 the Company had cash of $191,765 (December 31, 2011 - $439,141).

8. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments, consisting of cash, accounts receivable and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal. The Company believes the credit risk associated with the accounts receivable is low and monitors the collectability of the accounts receivable on a regular basis.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and obligations as they become due. The Company approach to managing liquidity risk is to ensure that it will have sufficient cash resources to meet liabilities when due. All financial liabilities are current and are subject to normal trade terms.

As at December 31, 2012, the Company had accounts payable and accrued liabilities of $249,164 , (December 31, 2011 - $141,774) due within 12 months of the balance sheet date and had current assets of $270,803 (December 31, 2011 - $485,233) to meet its current obligations. As a result the Company has minimal liquidity risk.

Interest rate risk
The Company is not exposed to significant interest risk as it has $191,765 in cash as at December 31, 2012, held in a chequing account that does not earn interest.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major transactions are denominated in Canadian dollars. Therefore the Company's currency risk is not significant.

9. QUALIFYING TRANSACTION

On November 5, 2012, the Company announced that it had entered into an acquisition agreement (the "Acquisition Agreement") to acquire, by means of amalgamation involving 2308800 Ontario Inc. ("Foxpoint Subco", a wholly-owned subsidiary of the Company), all of the issued and outstanding common shares (the "Telegraph Shares") in the capital of Telegraph Gold Inc. ("Telegraph") (the "Transaction").

Foxpoint, Foxpoint Subco and Telegraph terminated an initial acquisition agreement, which was previously announced on January 23, 2012 (the “Initial Acquisition Agreement”). On September 6, 2012, Telegraph completed the acquisition of the Castle Mountain venture. Due to this acquisition and changes in the circumstances with respect to Foxpoint and Telegraph, it was decided that it was in the best interests of both parties to terminate the Initial Acquisition Agreement. The Acquisition Agreement reflects the new circumstances referred to above, including, among other things, Telegraph’s recent acquisition of the Castle Mountain venture and the elimination of a share consolidation of Foxpoint.

The Transaction, if completed, will be structured as a three-cornered amalgamation (the “Amalgamation”) and is intended to constitute Foxpoint’s “Qualifying Transaction”, as such term is defined pursuant to Exchange Policy 2.4. Upon completion of the Transaction, all of the issued and outstanding Telegraph Shares (including those issued pursuant to the Telegraph Financing) will be exchanged for common shares (the “Foxpoint Shares”) in the capital of Foxpoint. Each shareholder of Telegraph (each, a “Telegraph Shareholder”) will receive one Foxpoint Share in exchange for each Telegraph Share (the “Exchange Ratio”). All convertible securities in the capital of Telegraph, including common share purchase warrants and all outstanding options to purchase Telegraph Shares, will be exchanged for convertible securities of Foxpoint in accordance with the Exchange Ratio. The precise number of securities to be issued by Foxpoint to acquire Telegraph is unknown at this time and will depend on the final size and terms of the Telegraph Financing.

Upon or immediately prior to completion of the Transaction, Foxpoint’s name will be changed (the “Name Change”) to Castle Mountain Mining Company(the “Resulting Issuer”). The entity resulting from the Amalgamation will be a wholly-owned subsidiary of the Resulting Issuer, which will own, directly or indirectly, the Castle Mountain Project. Shareholder approval for the name change was obtained at Foxpoint’s annual and special meeting of shareholders on March 14, 2012. In connection with the Transaction, Foxpoint will apply for the Resulting Issuer to be listed on the Exchange as a Tier 1 mining issuer.

The Transaction was approved at Foxpoint’s annual and special meeting of shareholders on March 14, 2012. Telegraph Shareholder approval of the Amalgamation will also be obtained at a special meeting of Telegraph Shareholders.

The Transaction remains subject to satisfaction or waiver of conditions set out in the Acquisition Agreement, including the following: (i) approval of the Transaction by Foxpoint Shareholders; (ii) approval of the Amalgamation by Telegraph Shareholders; (iii) conditional approval of the Transaction by the Exchange; (iv) receipt of all required or desirable regulatory approvals, consents and waivers; (v) completion of the Telegraph Financing; and (vi) compliance with all other applicable regulatory requirements and conditions.