AXIS ENERGY CORPORATION

Financial Statements

(An Exploration Stage Company)

December 31, 2013

(Unaudited – prepared by Management)

AXIS ENERGY CORPORATION
BALANCE SHEETS
(An Exploration Stage Company)
December 31, 2013
(Unaudited)

	December 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ 27,412	$ 36,973
Total Current Assets	27,412	36,973
OIL EXPORATION DATA	80,000	80,000
TOTAL ASSETS	$ 107,412	$ 116,973
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,250	$ 1,500
Loans payable, related party - NOTE 6	11,106	11,106
Total Current Liabilities	13,356	12,606
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Preference stock, 10,000,000 shares authorized, $0.01 par value, none outstanding - NOTE 3		
Common stock, 75,000,000 shares authorized, $0.001 par value issued and outstanding - NOTE 4	41,664	41,664
Additional paid-in capital	763,901	763,901
Deficit accumulated during exploration stage	(711,509)	(701,198)
TOTAL STOCKHOLDERS' EQUITY	94,056	104,367
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 107,412	$ 116,973

AXIS ENERGY CORPORATION
STATEMENT OF OPERATIONS
(An Exploration Stage Company)
December 31, 2013
(Unaudited)

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Period from June 10, 1998 (Inception of Exploration Stage) To December 31, 2013
REVENUE	$ -	$ -	$ -	$ -
EXPENSES				
Amortization	-	225	453	2,546
Audit and accounting	2,184	1,524	2,000	45,717
Consulting fees	-	-	-	8,700
Exploration and property acquistion costs	-	-	-	325,000
Filing fees	4,320	-	8,701	22,575
Legal fees	-	-	-	34,148
Management fees	-	-	-	37,200
Office	107	1,393	970	22,375
Transfer agent fees	2,200	2,223	700	34,427
Travel	1,500	-	-	45,721
TOTAL EXPENSES	10,311	5,365	12,824	578,409
LOSS BEFORE OTHER INCOME (EXPENSE)	(10,311)	(5,365)	(12,824)	(578,409)
OTHER INCOME (EXPENSE)				
Loss on disposal of mineral property	-	-	-	(3,400)
Loss on writeoff of advances	-	-	-	(129,700)
NET LOSS AND COMPREHENSIVE LOSS	$ (10,311)	$ (5,365)	$ (12,824)	$ (711,509)
NET LOSS PER SHARE, BASIC AND DILUTED:	$ (0.00)	$ (0.00)	$ (0.00)	
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	41,663,600	41,663,600	41,663,600	

AXIS ENERGY CORPORATION
STATEMENT OF EQUITY
(An Exploration Stage Company)
December 31, 2013
(Unaudited)

	Common Stock		Additional		Accumulated	Total
	Number of Shares	Amount	Paid-in Capital	Subscriptions Receivable	Deficit During Exploration Stage	Stockholders' Equity (Deficit)
Issuance of stock for debt at $0.01 per common share	187,600	$ 188	$ 13,212	$ -	$ -	$ 13,400
Issuance of stock for cash at $0.01 per common share	302,400	302	19,243	-	-	19,545
Net loss	-	-	-	-	(20,603)	(20,603)
Balance, December 31, 1998	490,000	490	32,455	-	(20,603)	12,342
Issuance of stock for cash at $.01	600,000	600	5,400		-	6,000
Net loss for year ending December 31, 1999	-	-	-	-	(18,564)	(18,564)
Balance, December 31, 1999	1,090,000	1,090	37,855	-	(39,167)	(222)
Issuance of stock for cash at $.01	2,704,500	2,705	24,340	-	-	27,045
Net loss for year ending December 31, 2000	-	-	-	-	(28,426)	(28,426)
Balance, December 31, 2000	3,794,500	3,795	62,195	-	(67,593)	(1,603)
Issuance of stock for cash at $.01	170,000	170	1,530			1,700
Net loss for year ending December 31, 2001	-	-	-	-	(11,238)	(11,238)
Balance, December 31, 2001	3,964,500	3,965	63,725	-	(78,831)	(11,141)
Cash received for common shares	-	-	-	138,800	-	138,800
Net loss for year ending December 31, 2002	-	-	-	-	(135,686)	(135,686)
Balance, December 31, 2002	3,964,500	3,965	63,725	138,800	(214,517)	(8,027)
Issuance of stock for cash at $0.50 per common share	27,760	28	138,772	(138,800)	-	-
Subscription - common shares	-	-	-	22,000	-	22,000
Net loss for year ending December 31, 2003	-	-	-	-	(20,422)	(20,422)
Balance, December 31, 2003	3,992,260	3,993	202,497	22,000	(234,939)	(6,449)
Forward stock split - 5 for 1	15,969,040	15,969	(15,969)	-	-	-
Net loss for the year ending December 31, 2004	-	-	-	-	(3,141)	(3,141)
Balance, December 31, 2004 - CONTINUED	19,961,300	$ 19,962	$ 186,528	$ 22,000	$ (238,080)	$ (9,590)

The accompanying notes are an integral part of these financial statements

AXIS ENERGY CORPORATION
STATEMENT OF EQUITY
(An Exploration Stage Company)
December 31, 2013
(Unaudited)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Subscriptions Receivable	Accumulated Deficit During Exploration Stage	Total Stockholders' Equity (Deficit)
Balance, December 31, 2004	19,961,300	$ 19,962	$ 186,528	$ 22,000	$ (238,080)	$ (9,590)
Issuance of stock for cash at $0.088 per share	250,000	250	21,750	-	-	22,000
Issuance of stock for services at $0.001 per share	10,000,000	10,000	(10,000)	-	-	-
Stock dividend - 1 for 1	30,211,300	30,211	(30,211)	-	-	-
Subscription - common shares	-	-	-	(22,000)	-	(22,000)
Net profit for year ending December 31, 2005	-	-	-	-	(2,007)	(2,007)
Balance, December 31, 2005	60,422,600	60,423	168,067	-	(240,087)	(11,597)
Cancellation of shares	(20,000,000)	(20,000)	20,000	-	-	-
Issuance of stock for cash - $0.50 per share, net	600,000	600	269,400	-	-	270,000
Subscription - common shares	-	-	-	268,500	-	268,500
Net loss for year ending December 31, 2006	-	-	-	-	(14,573)	(14,573)
Balance, December 31, 2006	41,022,600	41,023	457,467	268,500	(254,660)	512,330
Issuance of stock for cash - $0.50 per share, net	641,000	641	306,434	(268,500)	-	38,575
Net loss for year ending December 31, 2007	-	-	-	-	(64,316)	(64,316)
Balance, September 30, 2007	41,663,600	41,664	763,901	-	(318,976)	486,589
Net loss for year ending December 31, 2008	-	-	-	-	(71,713)	(71,713)
Balance, December 31, 2008	41,663,600	41,664	763,901	-	(390,689)	414,876
Net loss for year ending December 31, 2009	-	-	-	-	(269,508)	(269,508)
Balance, December 31, 2009	41,663,600	41,664	763,901	-	(660,197)	145,368
Net loss for the year ending December 31, 2010	-	-	-	-	(22,812)	(22,812)
Balance, December 31, 2010	41,663,600	41,664	763,901		(683,009)	122,556
Net loss for the year ending December 31, 2011	-	-	-	-	(12,824)	(12,824)
Balance, December 31, 2011	41,663,600	41,664	763,901	-	(695,833)	109,732
Net loss for the year ending December 31, 2012	-	-	-	-	(5,365)	(5,365)
Balance, December 31, 2012	41,663,600	41,664	763,901	-	(701,198)	104,367
Net loss for the year ending December 31, 2013	-	-	-	-	(10,311)	(10,311)
Balance, December 31, 2013	41,663,600	$ 41,664	$ 763,901	$ -	$ (711,509)	$ 94,056

The accompanying notes are an integral part of these financial statements

AXIS ENERGY CORPORATION
STATEMENT OF CASH FLOWS
(An Exploration Stage Company)
December 31, 2013
(Unaudited)

	Year Ended December 31, 2013	2012	2011	Period from June 10, 1998 (Inception of Exploration Stage) To December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$ (10,311)	$ (5,365)	$ (12,824)	$ (711,509)
Adjustments to reconcile net loss to net cash used by operating activities:				
Amortization	-	225	453	2,546
Write-off of mineral property	-	-	-	3,400
Write-off of advances	-	-	-	129,700
	(10,311)	(5,140)	(12,371)	(575,863)
Decrease (increase) in:				
Accounts payable	750	(3,351)	3,036	2,250
Net cash (used) by operating activities	(9,561)	(8,491)	(9,335)	(573,613)
INVESTING ACTIVITIES				
Equipment	-	-		(2,255)
Oil exploration data	-	-	-	(80,000)
Reorganization advances	-	-	-	(129,700)
Mineral property acquisition cost	-	-	-	(3,400)
Organization costs	-	-	-	(290)
Cash used in investing activities	-	-	-	(215,645)
FINANCING ACTIVITIES				
Capital stock issued - net of issuing costs	-	-	-	805,564
Due to related party	-	-	-	11,106
Cash from financing activities	-	-	-	816,670
NET INCREASE (DECREASE) IN CASH	(9,561)	(8,491)	(9,335)	27,412
Cash at beginning of the period	36,973	45,465	54,800	-
Cash, at end of period	$ 27,412	$ 36,974	$ 45,465	$ 27,412

The accompanying notes are an integral part of these financial statements

NOTE 1 – NATURE OF BUSINESS AND ORGANIZATION

Axis Energy Corporation (hereinafter "the Company") was incorporated in June 10 of 1998 under the laws of the State of Nevada primarily for the purpose of acquiring and developing resource properties. The Company conducts operations primarily from its offices in Vancouver, British Columbia, Canada. The Company had an option at incorporation to acquire a resource property in British Columbia, but after a period of exploration, the property was abandoned in the year ended December 31, 2000. Since then, the Company has examined various opportunities but has not as yet made a commitment to any project.

The Company's year-end is December 31.

NOTE 2 – ACCOUNTING POLICIES

This summary of significant accounting policies of Axis Energy Corporation is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

<u>Basic and Diluted Loss Per Share</u>
Loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Basic and diluted loss per share are the same, as inclusion of common stock equivalents would be anti dilutive.

<u>Going Concern</u>
The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has suffered recurring losses from operations since inception. At December 31, 2013, the Company has a positive working capital of $14,056, but has incurred recurring losses, and has an accumulated deficit of $711,509 and negative cash flow from operations. These factors raise doubt about the Company's ability to continue as a going concern.

Continuation of the Company is dependent on achieving sufficiently profitable operations and possibly obtaining additional financing. Management has and is continuing to raise additional capital from various sources. There can be no assurance that the Company will be successful in raising additional capital should it decide additional capital is required.

NOTE 2 – ACCOUNTING POLICIES - continued

Going Concern (continued)
The financial statements do not include any adjustment relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Equipment and amortization
The Company records the purchase of equipment at cost and amortizes the assets over their estimated useful life using the straight line basis over five years.

Use of Estimates
The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Exploration Stage
The Company began its exploration stage on June 10, 1998 at which time it commenced the exploration of its British Columbia property which was subsequently abandoned.

Cash and Cash Equivalents
The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. As at December 31, 2013, the Company did not have any cash equivalents ($Nil in 2012 and 2011).

Financial Instruments

Fair Value:
The fair value of cash and cash equivalents, accounts payable and accrued liabilities and loans to related party were estimated to approximate their carrying values due to the immediate short-term maturity of these financial instruments.
Risk
The Company maintains its cash accounts in primarily in one commercial bank in Vancouver, British Columbia, Canada. Canadian dollar amounts are insured up to a maximum of $100,000 Canadian per account. However, the Company's business checking account, which is maintained in United States dollars, is not insured.

The Company is subject to currency risks, which management believes are insignificant.

The accompanying financial statements do not include any adjustments that might result from the eventual outcome of the risks and uncertainties described above.

NOTE 2 – ACCOUNTING POLICIES - continued

Comprehensive Loss
In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 220, “*Comprehensive Income*" (“ASC 220"), comprehensive income consists of net income and other gains and losses affecting stockholder's equity that are excluded from net income, such as unrealized gains and losses on investments available for sale, foreign currency translation gains and losses and minimum pension liability.

Oil and Gas Property
The Company follows the full cost method of accounting for oil and gas operations whereby all costs associated with the acquisition, exploration and development of oil and gas properties will be capitalized in cost centers on a country-by-country basis. These capitalized amounts include the costs of unproved properties, internal costs directly related to acquisitions, development and exploration activities, asset retirement costs and capitalized interest. They include geological and geophysical studies, and costs of drilling both productive and non-productive wells.

Amortization will be calculated for producing properties by using the unit-of-production method based on proved reserves before royalties, as determined by management of the Company or independent consultants. Unproved reserves are exempt from amortization and are subject to annual assessment as noted below. Sales of oil and gas properties will be accounted for as adjustments of capitalized costs, without any gain or loss recognized, unless such adjustments significantly alter the relationship between capitalized costs and proved reserves of oil and gas attributable to a cost center. Costs of abandoned oil and gas properties will be accounted for as adjustments of capitalized cost and written off to expense.

A ceiling test will be applied to each cost center by comparing the net capitalized costs to the present value of the estimated future net revenue from production of proved reserves, based on commodity prices in effect as at the Company’s year-end and based on current operating costs, discounted by 10%, less the effects of future costs to develop and produce the proved reserves, , plus the lower of costs or estimated fair value of unproved properties net of impairment, and less the effects of income taxes. Any excess capitalized costs are written off to operations.

Unproved properties will be assessed for impairment on an annual basis by applying factors that rely on historical experience. In general, the Company may write-off any unproved property under one or more of the following conditions:

i) there are no firm plans for further drilling on the unproved property;

ii) negative results were obtained from studies of unproved property;

ii) negative results were obtained from studies conducted in the vicinity of the unproved property; or

iv) the remaining term of the unproved property does not allow sufficient time for further studies or drilling.

NOTE 2 – ACCOUNTING POLICIES - continued

Asset Retirement Obligations

The Company will recognize a liability for future asset retirement obligations associated with oil and gas properties. The estimated fair value of the asset retirement obligation will be based on current cost escalated at an inflation rate and discounted at a credit adjusted risk-free rate. This liability will be capitalized as part of the cost of the related asset and amortized over its useful life. The liability will accrete until the Company settles the obligation. As of December 31, 2013, the Company did not have any asset retirement obligations.

Fair Value Measurements

Effective January 1, 2008, the Company adopted) Accounting Standards code ("ASC") topic 820 "*Fair Value Measurements and Disclosures"(*formerly FAS 157), for all financial instruments and non-financial instruments accounted for at fair value on a recurring basis. ASC 820 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk. The Company has adopted ASC 825, "*Financial Instruments",* which allows companies to choose to measure eligible financial instruments and certain other items at fair value that are not required to be measured at fair value. The Company has not elected the fair value option for any eligible financial instruments.

Revenue Recognition

The Company recognizes revenue when a contract is in place, minerals are delivered to the purchaser and collectability is reasonably assured

Foreign Currency Translation

The Company's functional currency is US dollars. Foreign currency balances are translated into US dollars as follows:

Monetary assets and liabilities are translated at the period-end exchange rate. Non-monetary assets are translated at the rate of exchange in effect at their acquisition, unless such assets are carried at market or nominal value, in which case they are translated at the period-end exchange rate. Revenue and expense items are translated at the average exchange rate for the period. Foreign exchange gains and losses arising are included in the determination of net income for the respective periods.

NOTE 2 – ACCOUNTING POLICIES - continued

Derivative Instruments

The Company follows ASC topic 815, "*Derivatives and Hedges*". This standard established accounting and reporting requirements for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. In general, this standard requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes. At December 31, 2013, 2012 and 2011, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, all expected future events other than enactment of changes in the tax laws or rates are considered. Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its losses have been fully allowed for and no net tax benefit has been recorded in the financial statements during the periods presented

Net Income (loss) Per Common Share

Net income (loss) per common share is calculated using the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share is calculated using the treasury stock method which uses the weighted average number of common shares outstanding during the period and also includes the dilutive effect of potentially issuable common shares. Dilutive net income (loss) per share on the potential exercise of the equity-based financial instruments is not presented where the effect is anti-dilutive.

Recent Accounting Pronouncements

The Company adopts new pronouncements relating to generally accepted accounting principles applicable to our company as they are issued, which may be in advance of their effective date. Management does not believe that any recently issued, but not yet effective accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

NOTE 3 – PREFERRED STOCK

The Company's directors authorized 10,000,000 preferred shares with a par value of $0.01. The preferred shares will have rights and preferences set from time to time by the Board of Directors. As of December 31, 2013, 2012 and 2011, the Company has no preferred shares issued and outstanding.

NOTE 4 – COMMON STOCK

The Company is authorized to issue 75,000,000 shares of $0.001 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

On February 18, 2000, the Company declared a forward stock split of 1.4 shares for 1. On February 15, 2003, the Company declared a reverse split of 10 shares to 1 share. These financial statements give retroactive effect to those stock splits.

During the year ending December 31, 2007, the Company received a further $52,000 in share subscriptions. The Company issued 641,000 at $.50 per shares for a net cash of $307,075, after payment of commission.

NOTE 5 – WARRANTS AND OPTIONS

On February 16, 2007, the Company reserved 5,000,000 shares of the Company's common stock for two year warrants, exercisable at $1.00 per share. In addition, 500,000 warrants were granted to directors and officers of the Company. No warrants were exercised and there were no options or warrants outstanding at the year end.

NOTE 6 – RELATED PARTY TRANSACTIONS

At December 31, 2013, Due to Related Party amounted to $11,106 (2012 - $11,106 and 2011 - $11,106), representing advances made by a director of the Company. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

NOTE 7 – INCOME TAXES

The reconciliation of income taxes attributable to continuing operations computed at the statutory rates to income tax expense is as follows:

	2013	2012	2011
Loss per financial statements	$ (10,311)	$ (5,365)	$ (12,824)
Statutory rates	25.8%	25%	27%
Tax recovery at statutory rates	$ 2,655	$ 1,341	$ 3,398
Effect of changes in tax rates	3,509	(6,913)	(11,202)
Loss carried forward unused	(6,164)	5,572	7,803
Tax recovery per financial statements	$ -	$ -	$ -

The Company has accumulated non-capital losses of approximately $476,000 (2011 - $466,000 and 2010 – $461000). Under normal circumstances the losses may be carried forward to reduce taxable income in future years and, unless utilized expire in the years from 2014 to 2033. The Company also has a taxable capital loss carried forward of $64,850 that has no expiration.

As at December 31, 2013 the tax effects of the temporary timing differences that give rise to significant components of the future income tax asset computed as current rates are noted below. A valuation allowance has been recorded as management believes it is more likely than not that the future tax assets will not be realized.

	2013	2012	2011
Tax attributes			
Non capital loss carry forwards	$ 476,570	$ 466,259	$ 460,894
	25.8%	25%	27%
Deferred income tax asset	122,729	116,565	122,137
Valuation allowance	(122,729)	(116,565)	(122,137)
Deferred tax asset	$ -	$ -	$ -