# STARLIGHT ENERGY CORPORATION
## (A Development Stage Company)

## CONSOLIDATED FINANCIAL STATEMENTS
## (Unaudited)

## March 31, 2015

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**

**Consolidated Financial Statements**

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# MANAGEMENT REPORT

The accompanying unaudited consolidated balance sheet of Starlight Energy Corporation as of March 31, 2015, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, and for the period from September 8, 2008 (inception of the development stage) through March 31, 2015 have been prepared by the management of Starlight Energy Corporation in conformity with generally accepted accounting principles.

All information included in these financial statements is the representation of the management of Starlight Energy Corporation.

Littleton, Colorado
May 15, 2015

*Brian S. Bentley*
Brian S. Bentley, CEO

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**CONSOLIDATED BALANCE SHEET**

| | March 31, 2015 |
|---|---|
| **ASSETS** | |
| **Current assets** | |
| Cash | $ 530 |
| **Total current assets** | 530 |
| **Other Assets** | |
| Certificates of Deposit-Restricted Bonds | 22,000 |
| Membership Interest in Leasehold | 50,010 |
| **Total other assets** | 72,010 |
| **Total Assets** | $ 72,540 |
| **LIABILITIES & STOCKHOLDERS' EQUITY** | |
| **Current liabilities** | |
| Accounts payable | $ 303,352 |
| Accrued Expense | $ 5,420 |
| Notes payable | 808,013 |
| Interest payable | 354,653 |
| **Total current liabilties** | 1,471,438 |
| **Total Liabilities** | 1,471,438 |
| **Stockholders' Equity** | |
| Preferred stock, $.001 par value; 50,000,000 shares authorized; none issued or outstanding | - |
| Common stock, $.001 par value; 100,000,000 shares authorized; 12,991,000 shares issued and outstanding | 12,991 |
| Additional paid in capital | 778,764 |
| Deficit accumulated during the dev. stage | (2,190,653) |
| **Total Stockholders' Equity** | (1,398,898) |
| **Total Liabilities and Stockholders' Equity** | $ 72,540 |

The accompanying notes are an integral part of the consolidated financial statements.

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**CONSOLIDATED STATEMENTS OF OPERATIONS**

| | Three Months Ended March 31, 2015 | Sept. 8, 2008 (Inception of Dev. Stage) Through March 31, 2015 |
|---|---|---|
| Revenues | $ - | $ - |
| Operating expenses: | | |
| Deposit write offs | - | 450,015 |
| Finance costs - derivatives | - | 179,865 |
| General and administrative | 15,237 | 834,595 |
| | 15,237 | 1,464,475 |
| Gain (loss) from operations | (15,237) | (1,464,475) |
| Other income (expense): | | |
| Income - misc | - | 510 |
| Interest expense | (31,119) | (372,103) |
| Interest exp - original issue discount | - | (334,500) |
| Beneficial conversion & discount exp | - | (263,334) |
| Change in Derivatives | - | 243,199 |
| | (31,119) | (726,228) |
| Income (loss) before provision for income taxes | (46,356) | (2,190,703) |
| Provision for income tax | - | - |
| **Net income (loss)** | $ (46,356) | $ (2,190,703) |
| **Net income (loss) per share** (Basic and fully diluted) | $ (0.00) | |
| Weighted average number of common shares outstanding | 12,991,000 | |

The accompanying notes are an integral part of the consolidated financial statements.

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

| | Common Stock Shares | Common Stock Amount ($.001 Par) | Paid in Capital | Deficit Accumulated During The Dev. Stage | Stock-holders' Equity |
|---|---|---|---|---|---|
| Balances at December 31, 2011 | 11,205,000 | $ 11,205 | $ 539,200 | $ (609,806) | $ (59,401) |
| Issuance of stock for cash | 1,161,000 | 1,161 | 233,339 | | 234,500 |
| Issuance of stock for services | 25,000 | 25 | 6,225 | | 6,250 |
| Net income (loss) for the year | | | | (1,221,034) | (1,221,034) |
| Balances at December 31, 2012 | 12,391,000 | $ 12,391 | $ 778,764 | $ (1,830,840) | $ (1,039,685) |
| Issuance of stock for cash | 600,000 | 600 | | | 600 |
| Net income (loss) for the year-Revised | | | | (93,499) | (93,499) |
| Balances at December 31, 2013 - Revised | 12,991,000 | $ 12,991 | $ 778,764 | $ (1,924,339) | $ (1,132,584) |
| Net income (loss) for the year | | | | $ (220,008) | $ (220,008) |
| Balances at December 31, 2014 | 12,991,000 | 12,991 | 778,764 | (2,144,347) | (1,352,592) |
| Net income (loss) for the year | | | | $ (46,356) | $ (46,356) |
| Balances at March 31, 2015 | 12,991,000 | 12,991 | 778,764 | (2,190,703) | (1,398,948) |

The accompanying notes are an integral part of the consolidated financial statements

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Three Months Ended March 31, 2015 | Sept. 8, 2008 (Inception of Dev. Stage) Through March 31, 2015 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net income (loss) | $ (46,356) | $ (2,190,703) |
| Adjustments to reconcile net loss to net cash provided by (used for) operating activities: | | |
| Original issue debt discount | - | 334,500 |
| Beneficial conversion & discount exp | - | 263,334 |
| Compensatory stock issuances | - | 6,350 |
| Write offs | - | 450,015 |
| Accrued payables | 46,856 | 584,697 |
| Change in Derivatives | | |
| **Net cash provided by (used for) operating activities** | 500 | (551,807) |
| **Cash Flows From Investing Activities:** | | |
| Acquisition of oil and gas properties | - | (50,010) |
| Sale of oil and gas properties | - | 50,010 |
| Acquisition of membership interest in oil and gas properties | - | (50,010) |
| Acquisition of COGCC operator bonds | - | (22,000) |
| Deposit on oil and gas properties | - | (450,015) |
| **Net cash provided by (used for) investing activities** | - | (522,025) |

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The accompanying notes are an integral part of the consolidated financial statements.

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Continued From Previous Page)

| | Three Months Ended March 31, 2015 | Sept. 8, 2008 (Inception of Dev. Stage) Through March 31, 2015 |
|---|---|---|
| **Cash Flows From Financing Activities:** | | |
| Notes payable - borrowings | - | 484,500 |
| Notes payable - payments | - | (10,987) |
| Related party payables | - | 265,469 |
| Issuance of common stock | - | 335,180 |
| Paid in capital | - | 200 |
| **Net cash provided by (used for) financing activities** | - | 1,074,362 |
| **Net Increase (Decrease) In Cash** | 500 | 530 |
| **Cash At The Beginning Of The Period** | 30 | - |
| **Cash At The End Of The Period** | $ 530 | $ 530 |

The accompanying notes are an integral part of the consolidated financial statements.

**STARLIGHT ENERGY CORPORATION**
**(A Development Stage Company)**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Starlight Energy Corporation (the "Company") was incorporated in June 1997 in the State of Delaware. The Company plans to conduct electrical power generation and sales, oil and gas development, production and processing activities. The Company may also engage in any other business that is permitted by law, as designated by the Board of Directors of the Company. The Company has not yet generated significant revenues and is a development stage company.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Accounts receivable

The Company reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt expense when deemed necessary. At March 31, 2015 the Company had no balance in its allowance for doubtful accounts.

Property and equipment

Property and equipment are recorded at cost and depreciated under accelerated or straight line methods over each item's estimated useful life.

**NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Revenue recognition

Revenue is recognized on an accrual basis as earned under contract terms. Specifically, revenue from product sales is recognized subsequent to a customer ordering a product at an agreed upon price, delivery has occurred, and collectability is reasonably assured.

Advertising costs

Advertising costs are expensed as incurred. The Company had no advertising costs in the year ended March 31, 2015.

Income tax

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company had no material, realizable deferred tax assets or liabilities at March 31, 2015.

Net income (loss) per share

The net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common outstanding. Warrants, stock options, and common stock issuable upon the conversion of the Company's preferred stock (if any), are not included in the computation if the effect would be anti-dilutive and would increase the earnings or decrease loss per share.

Financial Instruments

The carrying value of the Company’s financial instruments, as reported in the accompanying balance sheets, approximates fair value.

## NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Long-Lived Assets

In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that may suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Products and services, geographic areas and major customers

The Company plans to earn revenue from the sale of oil and gas, and does not currently have any separate operating segments.

Oil and gas interests

The Company follows the full cost method of accounting for oil and gas properties. Under this method, all costs incurred in the exploration, acquisition, and development of oil and gas reserves, including directly related overhead costs and related asset retirement costs, are capitalized. All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of impairment is added to the capitalized costs to be amortized. In addition, the capitalized costs are subject to a ceiling test, which basically limits such costs to the aggregate of the estimated present value of discounted future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties. Sales of proved and unproved properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in income. Abandonments of properties are accounted for s adjustments of capitalized costs with no loss recognized.

## NOTE 2. RELATED PARTY TRANSACTIONS

At March 31, 2015 payables owed to two officers for expense reimbursements due were $99,994.

(See management’s unaudited report)

## NOTE 3. NOTES PAYABLE

At March 31, 2015 the Company had the following notes payable outstanding:

-- Notes of $200,000 issued in 2011. The notes with principal and interest due December 31, 2011 (subsequently extended through March 2013), are unsecured, bear interest at 15% compounded monthly (18% upon default), with principal and interest convertible anytime at or prior to maturity at the holder's discretion in whole or in part into convertible preferred stock of the Company, at a price equal to (i) the subscription price of the Starlight Energy Corporation 2011 Private Placement (the "Offering"), or (ii) if the Offering does not occur for any reason prior to maturity, the lowest price that any share of stock was sold by the Company after issuance, and prior to the maturity date of the note. As of March 31, 2015 the Company had not yet commenced the Offering, nor had it designated any convertible preferred shares out of its 50,000,000 authorized preferred shares. The principal balance outstanding on these notes at March 31, 2015 was $189,013.

-- Notes of $469,000 issued in 2012. The notes as extended are due December 31, 2013 (save for notes of $33,000 due at end 2012), are unsecured, and bear interest at 15% compounded monthly (18% upon default).

Of notes issued in 2012, $245,000 worth were issued with a variable conversion feature with principal and interest convertible anytime at or prior to maturity at the holder's discretion in whole or in part into convertible preferred stock of the Company, at a price equal to (i) the subscription price of the Starlight Energy Corporation 2012 Private Placement (the "Offering") ($75,000 of the notes refer to the 2011 private placement), or (ii) if the Offering does not occur for any reason prior to maturity, the lowest price that any share of stock was sold by the Company after issuance, and prior to the maturity date of the note. As of March 31, 2015 the Company had not yet commenced the Offering, nor had it designated any convertible preferred shares out of its 50,000,000 authorized preferred shares.

Of notes issued in 2012, a further $224,000 worth were issued with a set price conversion feature with principal and interest convertible anytime at or prior to maturity at the holder's discretion into common stock of the Company at $1.00 per share.

The Company has determined that a derivative liability recorded in 2012, carried at December 31, 2012 of $176,209, is not relevant and was reversed in 2013.

(See management's unaudited report)

**NOTE 3. NOTES PAYABLE (Continued):**

-- Notes of $150,000 issued in 2013. The notes are due August, 2013, are unsecured, and bear interest at 15% compounded monthly (18% upon default).

The total balance due on all notes payable at March 31, 2015 was $808,013, all currently due, with accrued interest payable at March 31, 2015 of $354,653, and interest expense during the quarter ended March 31, 2015 on the notes of $31,119.

**NOTE 4. STOCKHOLDERS' EQUITY**

Common stock

The Company as of March 31, 2015 had 100,000,000 shares of authorized common stock, $.001 par value, with 12,991,000 shares issued and outstanding.

Preferred stock

The Company as of March 31, 2015 had 50,000,000 shares of authorized preferred stock respectively, $.001 par value, undesignated with no shares issued or outstanding.

(See management's unaudited report)