Consolidated Financial Statements of

Simba Energy Inc.

As at June 30, 2015 and 2014

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Simba Energy Inc.

We have audited the accompanying consolidated financial statements of Simba Energy Inc., which comprise the consolidated statements of financial position as at June 30, 2015 and 2014 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 consolidated 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 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of Simba Energy Inc. as at June 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Simba Energy Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

October 30, 2015

SIMBA ENERGY INC.
Consolidated Statements of Financial Position
June 30, 2015 and 2014
Expressed in Canadian dollars

	2015	2014
ASSETS		
Current assets		
Cash	$ 4,883	$ 293,334
Recoverable sales tax	26,506	22,464
Advances receivable (Note 8)	-	122,622
Prepaid expenses	118,997	105,398
	150,386	543,818
Non-current assets		
Exploration and evaluation assets (Note 4)	8,729,289	7,335,135
Equipment (Note 5)	32,404	159,499
	8,761,693	7,494,634
	$ 8,912,079	$ 8,038,452
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,927,439	$ 1,385,682
Flow-through shareholder tax liability (Note 7)	-	125,127
Due to related parties (Note 8)	604,659	348,735
	2,532,098	1,859,544
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	27,737,991	25,410,102
Share subscriptions received	-	74,554
Reserves	3,400,714	3,229,258
Treasury shares	(18,000)	-
Deficit	(24,740,724)	(22,535,006)
	6,379,981	6,178,908
	$ 8,912,079	$ 8,038,452

Nature and Continuance of Operations (Note 1)
Commitments (Note 10)
Event Subsequent to Year End (Note 14)

Approved on behalf of the Board of Directors by:

``*Robert Dinning*`` **, Director**
Robert Dinning

``*John King Burns*`` **, Director**
John King Burns

SIMBA ENERGY INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30, 2015 and 2014
Expressed in Canadian dollars

	2015	2014
Operating expenses		
Accounting and legal	$ 119,414	$ 81,398
Amortization	20,312	24,772
Consulting fees	193,810	265,075
Interest and bank charges	6,120	5,217
Investor communication, trade shows and web site	283,502	228,509
Management fees (Note 8)	288,000	298,000
Office and miscellaneous	189,522	268,044
Project investigation costs	64,881	20,946
Share-based compensation (Note 9 (c))	171,456	-
Transfer agent and regulatory fees	46,296	42,205
Travel	140,142	55,483
Loss from operations	(1,523,455)	(1,289,649)
Interest income	-	157
Gain on write off of accounts payable and accrued liabilties	100,000	33,531
Loss on impairment of equipment (Note 5)	(106,783)	(20,783)
Reversal of provision for flow-through shareholder tax liability (Note 7)	125,127	-
Impairment of exploration and evaluation asset (Note 4)	(696,056)	-
Impairment of advances receivable (Note 8)	(104,551)	-
Net loss and comprehensive loss for the year	$ (2,205,718)	$ (1,276,744)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - Basic and Diluted	284,691,407	227,048,628

SIMBA ENERGY INC.
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
For the Years Ended June 30, 2015 and 2014

	Share capital		Share subscriptions received (receivable)	Reserves	Treasury Shares	Deficit	Total Shareholder's Equity
	Number of Shares	Amount $					
Balance, June 30, 2013	**226,545,016**	**$ 24,034,136**	**$ (23,000)**	**$ 3,229,258**	**$ -**	**$ (21,258,262)**	**$ 5,982,132**
Share subscriptions received	-	-	74,554	-	-	-	74,554
Shares issued for debt at $0.06/sh	13,108,936	786,536	-	-	-	-	786,536
Shares issued for cash at $0.06/sh	10,060,507	603,630	23,000	-	-	-	626,630
Finders' fees paid in cash	-	(14,200)	-	-	-	-	(14,200)
Net loss for the year	-	-	-	-	-	(1,276,744)	(1,276,744)
Balance, June 30, 2014	**249,714,459**	**25,410,102**	**74,554**	**3,229,258**	**-**	**(22,535,006)**	**6,178,908**
Shares issued for debt at $0.06/sh	8,451,248	507,075	-	-	-	-	507,075
Shares issued for cash at $0.06/sh	23,678,561	1,420,714	(92,554)	-	-	-	1,328,160
Shares issued for cash at $0.03/sh	15,000,000	450,000	-	-	-	-	450,000
Financing costs	-	(49,900)	-	-	-	-	(49,900)
Treasury shares	(300,000)	-	18,000	-	(18,000)	-	-
Share-based compensation	-	-	-	171,456	-	-	171,456
Net loss for the year	-	-	-	-	-	(2,205,718)	(2,205,718)
Balance, June 30, 2015	**296,544,268**	**$ 27,737,991**	**$ -**	**$ 3,400,714**	**$ (18,000)**	**$ (24,740,724)**	**$ 6,379,981**

SIMBA ENERGY INC.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014
Expressed in Canadian dollars

	2015	2014
Cash Flows used in Operating Activities		
Net loss for the year	$ (2,205,718)	$ (1,276,744)
Items not affecting cash		
Amortization	20,312	24,772
Loss on impairment of equipment	106,783	20,783
Gain on write off of accounts payable and accrued liabilties	(100,000)	(33,531)
Share-based compensation	171,456	-
Impairment of exploration and evaluation asset	696,056	-
Impairment of advances receivable	104,551	-
Reversal of provision for flow-through shareholder tax liability	(125,127)	-
Interest income	-	(157)
Net change in non-cash working capital items		
Recoverable sales tax	(4,042)	6,965
Prepaid expenses	(13,599)	32,227
Accounts payable and accrued liabilities	45,214	369,429
Due to related parties	265,395	364,210
	(1,038,719)	(492,046)
Cash Flows from Financing Activities		
Due to related parties	120,036	258,210
Common shares issued for cash	1,778,160	603,630
Share subscriptions received	-	74,554
Share issuance costs paid	(59,900)	(4,200)
	1,838,296	932,194
Cash Flows used in Investing Activites		
Advances receivable	18,071	35,562
Interest income received	-	157
Exploration expenditures	(1,106,099)	(231,558)
	(1,088,028)	(195,839)
Increase (decrease) in cash	(288,451)	244,309
Cash, beginning of year	293,334	49,025
Cash, end of year	$ 4,883	$ 293,334

Supplemental Disclosure of Cash Flow Information (Note 11)

1. NATURE AND CONTINUANCE OF OPERATIONS

Simba Energy Inc. (the "Company" or "Simba") was incorporated under the laws of the Province of British Columbia. Its principal business activity includes the acquisition and exploration of resource properties. The Company's head office is at Suite 210, 905 West Pender Street, Vancouver, British Columbia, V6C 3L6.

The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of those reserves and upon profitable production.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. This assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. Management is actively targeting sources of additional financing through alliances with financial, exploration and evaluation entities, or other business and financial transactions which would assure continuation of the Company's operation and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

The Company has incurred losses since inception and has a working capital deficiency as at June 30, 2015. This material uncertainty may cast significant doubt upon the ability of the Company to continue as a going concern. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its asses and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

As at June 30	2015	2014
Deficit	$ (24,740,724)	$ (22,535,006)
Working capital (deficiency)	(2,381,712)	(1,315,726)

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were authorized for issue on October 27, 2015 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of Preparation

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company and the following subsidiaries. All significant intercompany balances and transactions were eliminated on consolidation.

	Country of Incorporation	Percentage of ownership as of June 30 2015	Percentage of ownership as of June 30 2014
Simba Energy Liberia Inc.	Liberia	90%	90%
Simba Energy Fze.	United Arab Emirates	100%	100%
Simba Africa Rift Energy Ltd.	Kenya	100%	100%
Simba Energy (UK) Ltd.	U.K.	100%	100%

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with maturities from the date of acquisition of 90 days or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value to be cash equivalents.

(d) Equipment

Equipment is initially recorded at cost. When the assets are put in use, they will be amortized over their estimated useful lives, using the methods and rates noted below. Field equipment has yet to be put in use and, accordingly, has not yet been amortized. Further, as its value cannot be substantiated, management recorded an impairment charge against this equipment.

Field equipment	30% declining balance
Office equipment	20% declining balance
Vehicle	50% declining balance
Computer hardware	45% declining balance
Computer software	100% declining balance
Leasehold improvements	4.5 years straight line

(e) Decommissioning obligations

A decommissioing obligation is a legal or constructive obligation associated with the retirement of long-lived assets that the Company is required to settle. The Company recognizes the fair value of a provision for a decommissioning obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

(f) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These and other estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in these estimates could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Decommissioning obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of non-current assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future decommissioning cost estimates arising from the decommissioning of site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets. As of June 30, 2015, there are no restoration and reclamation provisions recognized (June 30, 2014 - nil).

Exploration and evaluation assets

Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as exploration and evaluation assets. The decision regarding technical feasibility and commercial viability of exploration and evaluation assets involve a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future. The Company is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of exploration and evaluation assets exceeds its recoverable amount.

Fair value of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimate based on historical information and future forecasts.

Taxation

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statement of financial position date and the likelihood of deferred tax assets being realized.

(g) Exploration and evaluation assets

Costs incurred prior to obtaining legal rights to explore an area are recognized in the consolidated statement of loss and comprehensive loss as incurred.

All costs related to the acquisition of oil and gas properties are capitalized as exploration and evaluation assets. All costs of acquisition and exploration related to oil and gas reserves, including such costs as license acquisition costs, geological expenditures, costs of drilling exploratory wells and direct internal costs, are capitalized as intangible exploration and evaluation assets. When indicators of impairment exist, the exploration and evaluation asset is tested for impairment.

If the results of the assessment indicate that the properties are impaired, the amount of the impairment is charged to operations for the year. When proven reserves of oil and gas are determined and development is commercially viable, the relevant costs are transferred to oil and gas properties subsequent to determining that the assets are not impaired.

(h) Impairment of Non-Current Assets

Non-current assets are evaluated at least annually by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in the statement of loss and comprehensive loss to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future oil prices, the amount of reserves and resources, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs.

Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and resources and expected future production revenues and expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss. Management's estimates of oil prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

(i) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated similar to basic loss per share except that the weighted average number of common shares includes the dilutive effects of options, warrants and similar instruments. It assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. Existing share options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the periods presented.

(j) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect both accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it measures the common share component of the unit at fair value using market prices. The difference between this value and the unit value is then allocated to the warrant with the value of the warrant component being credited to reserves. When warrants are exercised, the corresponding residual value is transferred from reserves to capital stock. No value has been attributed to warrants in any issuances of units in either of the years ending June 30, 2015 or 2014.

(l) Share-based compensation

The Company recognizes share-based compensation expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation costs attributable to stock options or similar equity instruments granted to employees are measured at the fair value at the grant date, and expensed over the expected vesting period. Transactions in which goods or services are received from non-employees in exchange for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

(m) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as 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 risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables and other financial liabilities

Loans and receivables are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial instruments as follows:

(a) Cash and cash equivalents is classified as fair value through profit or loss.

(b) Recoverable sales tax and advances receivable are classified as loans and receivables.

(c) Accounts payable and accrued liabilities, flow-through shareholder tax liability and due to related parties are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as AFS. The Company had no "other comprehensive income or loss" transactions during the years ended June 30, 2015 and 2014.

Impairment of financial assets

Financial assets, other than those at FVTPL, 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 impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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.

(n) Financial instruments – disclosure and presentation

(i) Fair value of financial instruments

The Company's financial instruments include cash, recoverable sales tax, advances receivable, accounts payable and accrued liabilities, flow-through shareholder tax liability and due to related parties. The carrying value of recoverable sales tax, advances receivable, accounts payable and accrued liabilities, flow through shareholder tax liability and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Cash and cash equivalents is measured at fair value using level 1 inputs.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash is exposed to credit risk. The Company has assessed the credit risk on its cash as low as its funds are held in highly rated Canadian financial institutions.

(iii) 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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favourable terms. The Company believes it is subject to liquidity risk through its working capital. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at June 30, 2015, the Company had cash of $4,883 to settle current liabilities of $2,532,098 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year.

(iv) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has transactions denominated in the U.S. dollar, the UK pound sterling and Kenyan Shilling. During fiscal 2015, when compared to the Canadian dollar, the U.S. dollar and UK pound sterling both strengthened by approximately 10% in value. While significant, management considers the foreign exchange risk to be minimal as they feel the Canadian dollar would not likely depreciate significantly further in the future.

At June 30, 2015, almost none of the Company's cash was denominated in a foreign currency. However, $1,604,000 of accounts payable and accrued liabilities were denominated in those currencies. A 10% variation in the U.S. dollar or UK pound sterling would result in an impact of approximately $160,000 on net loss.

(v) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal.

(o) Capital management

The Company's objective in managing its capital, which is comprised of equity, is to safeguard all cash resources by investing in government or bank instruments which can be liquidated promptly and which yield acceptable rates of return, and also to issue from its treasury, shares, warrants and options which can be converted to cash. Treasury issuances of shares, options and warrants are part of the Company's capital raising process and are issued when cash is required, ideally under favorable market conditions, and with regard to dilution of the Company's capital structure. The exercise of warrants and options are not under the control of the Company's management. All capital transactions are subject to approval of the Company's directors. The Company is not subject to externally imposed capital transactions. There has been no change in the Company's approach to managing capital during the year ended June 30, 2015.

(p) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The following new standards, interpretations and amendments were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC"), and are effective for annual periods beginning on or after January 1, 2014. The following standards were adopted by the Company during the year ended June 30, 2015 had no material impact on the Company's consolidated financial statements:

(a) IFRS 2, Share-based Payment ("IFRS 2"):
Amended to clarify the definition of a vesting condition and separately define performance and service conditions. The amendment is effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

(b) IFRS 3, Business Combinations ("IFRS 3"):
Amended to clarify that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions in IAS 32. Non-equity consideration is measured at fair value at each reporting date, with changes recognized in the results of operations. As well, the amendment clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment is effective for business combinations for which the acquisition date is on or after July 1, 2014.

(c) IFRS 13, Fair Value Measurement ("IFRS 13"):
Amended to clarify that the portfolio exception in IFRS 13, which allows fair value measurement of a group of financial assets and liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

(d) IAS 24, Related Party Disclosures ("IAS 24"):
Amended to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The amendment is effective for annual periods beginning on or after July 1, 2014.

(e) IAS 32, Financial Instruments: Presentation ("IAS 32"):
Amended to provide further clarity around details relating to the right to offset and the application of offsetting under certain circumstances. The amendment is effective for annual periods beginning on or after January 1, 2014.

(f) IAS 36 – Impairment of Assets ("IAS 36")
The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

Future accounting policy changes issued but not yet in effect

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after January 1, 2015. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

IFRS 7 – Financial Instruments: Disclosure
Applies to additional disclosures required on transition from IAS 39 to IFRS 9. The effective date of IFRS 7 is January 1, 2015. The Company is assessing the impact of this new standard, if any, on the financial statements.

IFRS 9 – Financial Instruments: Classification and Measurement
Applies to classification and measurement of financial assets and liabilities as well as derecognition of financial instruments. IFRS 9 will replace IAS 39. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the impact of this new standard, if any, on the financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Kenya	Guinea	Chad	Liberia	Total
2015					
Balance, June 30, 2014	$ 4,005,335	$ 741,593	$ 619,856	$1,968,351	$ 7,335,135
Consulting	1,519,326	181,241	76,200	-	1,776,767
Field office, tavel and other	249,019	64,424	-	-	313,443
Impairment	-	-	(696,056)	-	(696,056)
Balance, June 30, 2015	$ 5,773,680	$ 987,258	$ -	$1,968,351	$ 8,729,289

	Kenya	Guinea	Chad	Liberia	Total
2014					
Balance, June 30, 2013	$ 3,300,188	$ 627,640	$ 579,640	$1,968,351	$ 6,475,819
Acquisition costs	(200,000)	-	10,322	-	(189,678)
Consulting	748,955	71,870	29,869	-	850,694
Field office, travel and other	156,192	42,083	25	-	198,300
Balance, June 30, 2014	$ 4,005,335	$ 741,593	$ 619,856	$1,968,351	$ 7,335,135

(a) Kenya

In August 2011, the Company was awarded a Production Sharing Contract ("PSC") by the Government of Kenya covering Block 2A, which overlies the southern tip of the Mandera Basin in the northern part of the country. There are work commitments (Note 10) required to keep the PSC in good standing.

On June 5, 2015, the Company entered into an agreement with Essel Group Middle East DMCC, (Essel") wherein Essel agreed to provide 100% of funding required to carry out an exploration program on all Simba PSCs including the Kenyan PSC. This 100% funding commitment covers all exploration expenditures including FTG and seismic survyes and the drilling of two wells. Essel will earn 60% of future revenues attributable under the PSC, while the Company will retain 40%.

A definitive agreement is being executed and the program is subject to approval of the TSX-V and where necessary, shareholders. The government of Kenya has already approved the participation of Essel.

(b) Guinea

In July 2011, the Company signed an agreement to acquire a 60% interest in an issued PSC for Blocks 1 & 2 onshore in the Republic of Guinea's Bove basin. The Company undertook 100% of the program costs in year one and 60% of the program costs in each year thereafter. On May 24, 2012, the Company received final approval for its 60% owned PSC for Blocks 1 & 2. The Company has fulfilled its work obligations to date and is in current negotiations with the government of Guinea regarding 100% ownership of the PSC and revising the work program going forward.

The Company's work program was suspended in the current year as a result of the outbreak of a contagious disease.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic survyes and the drilling of two wells. Essel will earn 60% of future revenues attributable under the PSCs, while the Company will retain 40%.

(c) Chad

The Company received formal ratification of its PSCs in Chad on June 25, 2013. This covered the Doba and Doseo blocks in the south of the block and the Erdis basin in the north. The issuance of the PSCs included a signing bonus which the Company feels is not acceptable. Accordingly the PSC has been suspended but negotiations are currently underway in Chad to resolve this issue so that the PSCs can be restored and a work program can be instituted. As a result of the suspension of the PSC, the Company has written down the costs incurred to date.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic survyes and the drilling of two wells. Essel will earn 60% of future revenues attributable under the PSCs, while the Company will retain 40%.

(d) Liberia

The Company, through its 90% owned subsidiary, Simba Energy Liberia Inc., acquired a Hydrocarbon Reconnaissance License covering an onshore area in Liberia. This licence has since expired but a formal application for a PSC has been instigated. The negotiations were put on hold over the past year as the country dealt with a serious contagious disease. The Company has fulfilled its obligations and is awaiting a final meeting and final approval from the National Oil Company of Liberia's Board of Directors.

5. EQUIPMENT

	June 30, 2015			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Field equipment	$ 106,783	$ -	$ 106,783	$ -
Office equipment	15,562	11,044	-	4,518
Vehicle	45,000	39,612	-	5,388
Computer hardware	32,077	24,122	-	7,955
Computer software	3,875	3,875	-	-
Leasehold improvements	34,553	20,010	-	14,543
	$ 237,850	$ 98,663	$ 106,783	$ 32,404

	June 30, 2014		
	Cost	Accumulated Amortization	Net Book Value
Field equipment	$ 106,783	$ -	$ 106,783
Office equipment	15,562	9,916	5,646
Vehicle	45,000	34,220	10,780
Computer hardware	32,077	17,606	14,471
Computer software	3,875	3,875	-
Leasehold improvements	34,553	12,734	21,819
	$ 237,850	$ 78,351	$ 159,499

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at June 30	2015	2014
Accounts payable	$ 1,892,439	$ 1,285,682
Accrued liabilties	35,000	100,000
	$ 1,927,439	$ 1,385,682

7. TAXES PAYABLE AND FLOW-THROUGH SHARES ISSUED

Pursuant to a flow-through share issuance completed in May 2008 consisting of 3,075,000 flow-through units at $0.20 per unit, there was an obligation to spend $615,000 on qualified flow-through expenditures on or before February 5, 2010. With the Company's focus in Africa, expenditures were not incurred as planned, creating a shortfall of $542,556. The Part XII.6 tax payable arising as a result was paid during the 2013 fiscal year.

Under the subscription agreement, the Company has an obligation to indemnify the subscriber for the tax reassessment that may arise and the Company had accrued a flow-through shareholder tax liability of $125,127 as at June 30, 2014. As sufficient time has passed for shareholders to request indemnification, management reversed this provision in fiscal 2015.

8. RELATED PARTY TRANSACTIONS

The remuneration of the Company's key management personnel for the years ended June 30, 2015 and 2014 is as follows:

	Note		June 30, 2015		June 30, 2014
Management fees (to an officer and director)	(i)	$	120,000	$	120,000
Management fees (to an officer and director)	(ii)		120,000		120,000
Management fees (to an officer)	(iii)		48,000		48,000
Geological consulting (to a director)	(iv)		91,245		10,000
Share-based compensation	(v)		104,616		-
		$	483,861	$	298,000

(i) Management fees accrued to the President and Chief Executive Officer.

(ii) Management fees accrued to the Managing Director - Operations.

(iii) Management fees accrued to the Chief Financial Officer.

(iv) Consulting fees accrued to a director for geological consulting services performed on the Company's exploration and evaluation assets.

(v) Share-based compensation is the fair value of options granted and vested to key management.

As at June 30, 2014, there were advances due from a related company of $122,622. During the year this receivable was reduced through the payment of Company expenses by the related company. At year end management impaired the balance of $104,551 due to the uncertainty surrounding the amount and timing of future repayments.

As at June 30, 2015, the amount due to officers and directors of the Company was $604,659 (2014- $348,735). Of this amount, $188,246 (2014 - $68,000) was advanced by officers of the Company to finance the working capital of the Company. The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

Included in the first tranche of the private placement that was completed on June 30, 2014, the Company issued 8,815,000 share units in order to settle $528,900 of debt owing to officers and directors. Included in the second tranche of the private placement that was completed on July 30, 2015 was a further 3,100,000 share units issued to an officer and director in order to settle debt of $186,000.

9. SHARE CAPITAL

(a) The authorized capital of the Company consists of:

Unlimited number of common shares without par value.

During the year ended June 30, 2015, the Company completed the following share transactions:

On February 11, 2015, the Company completed a non-brokered private placement by issuing 15,000,000 units at $0.03 each for gross proceeds of $450,000. Each unit consists of one common share and one-half

of a non-transferable common share purchase warrant, with each full warrant exercisable for a period of two years at a price of $0.05 per share. No finders' fees were paid in connection with this issuance and no value was attributed to the warrants as a component of the units.

On July 30, 2014, the Company completed its second tranche of a non-brokered private placement by issuing 32,129,809 units with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable for a period of four years and can be exercised into one additional common share at a price of $0.10 during the first two year period and at a price of $0.15 for the next two year period. The Company paid finders'fees of $49,500. Of the total gross proceeds of $1,927,789, the Company settled debt of $507,075 by issuing 8,451,248 units to various creditors. No value was attributed to the warrants issued as a component of the units.

When added to the first tranche (completed June 30, 2014 and described below) the units issued total 54,118,009 and the total gross proceeds are $3,247,081.

300,000 shares held by the Company as treasury shares to be cancelled.

During the year ended June 30, 2014, the Company completed the following share transactions:

On February 14, 2014, the Company completed a shares for debt transaction whereby it issued 1,181,243 shares at a price of $0.06 thereby extinguishing $70,874 in debt.

On June 30, 2014, the Company completed the first tranche in a private placement share offering whereby the Company issued 21,988,200 units at a price of $0.06 per unit, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable for a period of four years and can be exercised into one additional common share at a price of $0.10 during the first two year period and at a price of $0.15 for the next two year period. The Company paid finders' fees of $14,200. Of the total gross proceeds of $1,319,292, the Company settled debt of $715,662 by issuing 11,927,693 units to various creditors. No value was attributed to the warrants issued as a component of the units.

(b) Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the Company's issued and outstanding shares at the date of grant of the options. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options) or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted to persons acting in investor relations vest at the rate of 25% on date of grant and 25% every three months thereafter. All other options vest on grant.

A summary of the status of the Company's outstanding stock options as at June 30, 2015 is as follows:

Options	Number exercisable	Number outstanding	Weighted average remaining contractual life (in yrs)
As At June 30, 2015			
$0.06	11,800,000	11,800,000	4.60
$0.10	350,000	350,000	1.42
$0.12	500,000	500,000	1.87
$0.13	3,850,000	3,850,000	2.03
	16,500,000	16,500,000	3.85

The following is a summary of stock option transactions during the years ended June 30, 2015 and 2014:

	For the year ended June 30, 2015	Weighted average exercise price	For the year ended June 30, 2014	Weighted average exercise price
Balance, beginning of year	4,900,000	$ 0.13	17,255,000	$ 0.14
Granted	11,800,000	0.06	-	-
Expired	(200,000)	0.15	(9,535,000)	0.15
Cancelled	-	-	(2,820,000)	0.14
Balance, end of year	16,500,000	$ 0.08	4,900,000	$ 0.13

(c) Share-based compensation

For stock options granted to employees, officers, directors and consultants, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black Scholes option pricing model.

During the year ended June 30, 2015, share-based compensation of $171,456 was recognized and included in reserves. There was no share-based compensation during the year ended June 30, 2014.

The fair values for the share-based compensation noted above were determined by the Black-Scholes option pricing model using the following inputs as determined at the time of the option grant. The following weighted average assumptions were used for options granted:

	2015
Risk-free interest rate	0.62%
Expected life of options	5.0 years
Annualized volatility	123%
Dividend rate	0%
Weighted average fair value per option	$0.015

(d) Warrants

The changes in warrants during the years ended June 30, 2015 and 2014 were as follows:

	For the year ended June 30, 2015	Weighted average exercise price	For the year ended June 30, 2014	Weighted average exercise price
Balance, beginning of year	21,988,200	$ 0.10	54,816,750	$ 0.16
Warrants sold with shares	39,629,809	0.10	21,988,200	0.10
Warrants cancelled	(300,000)	0.10	-	-
Warrants expired	-	-	(54,816,750)	0.16
Balance, end of year	61,318,009	$ 0.09	21,988,200	$ 0.10

A summary of the Company's outstanding warrants as at June 30, 2015 is as follows:

Outstanding Warrants	Exercise Price		Expiry Date
21,988,200	$ 0.10	*	June 28, 2018
31,829,809	$ 0.10	*	July 30, 2018
7,500,000	$ 0.05		February 11, 2017
61,318,009	$ 0.09		

* Exercise price is $0.10 for the first two years and $0.15 for the last two years.

10. COMMITMENTS

The Company has the following future commitments:

(a) Office lease

The Company has entered into an agreement to lease office space effective July 1, 2012 until June 30, 2017. The monthly net requirements under the lease are as follows:

	Minimum lease payment required	Sub lease	Net monthly obligation
For the year ended June 30, 2016	$8,103	$3,810	$4,293
2017	$8,103	$3,810	$4,293

(b) Work commitments

The terms of certain of the Company's PSCs require the Company to make payments and undertake exploration expenditures in order for the contracts to remain in good standing. In Kenya (Note 4), the contract stipulates that US $700,000 and US $8,900,000 must be spent in the first and second year of its term. The Company has met the requirement for the first year work commitment, and is currently in negotiations with the Kenyan authorities on extending the term for completion of the second year exploration requirements, which have not been met as at June 30, 2015. The contract stipulates additional exploration expenditure requirements under a first and second additional exploration period in the amount of US$11,500,000, but these amounts are also under renegotiation.

In Chad (Note 4), there is a signature bonus payment required under the terms of the contract. The amount has not been paid as at June 30, 2015, and the Company is currently in default of the contract and the PSC has been suspended. The reinstatement of the PSC and the signature bonus are currently being negotiated with the Government of Chad.

The Company has an exploration services advisory agreement with Barakat Exploration Inc. wherein Barakat provides a variety of services and advice regarding matters surrounding Black 2A in Kenya. This includes structuring and sourcing of financing or identifying strategic partners. The total agreement calls for a fee US$1,045,950 of which US$261,487.50 has been recorded as payable as at June 30, 2015.

11. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

The significant non-cash investing or financing transactions for the year ended June 30, 2015 were as follows:

(a) Settled amounts owing to creditors of $507,075 by offsetting with the proceeds on private placement issuance. Of that amount, $186,000 was debt owing to related parties, $121,075 was with other trade payables, and $200,000 was with payables related to exploration expenditures

(b) A total of $1,500,423 in exploration and evaluation costs were included in accounts payable and accrued liabilities as at June 30, 2015 and $62,923 was included in amounts due to related parties.

The significant non-cash investing or financing transactions for the year ended June 30, 2014 were as follows:

(a) Settled subscriptions receivable by offsetting receivable against advances payable.

(b) Settled amounts owing to creditors of $786,536 by offsetting with the proceeds on private placement issuance. Of that amount, $528,900 was debt owing to related parties and $257,636 was with other trade payables.

(c) A total of $772,805 in exploration and evaluation costs were included in accounts payable and accrued liabilities as at June 30, 2014 and $6,430 was included in amounts due to related parties.

(d) $10,000 in finders' fees was included in accounts payable and accrued liabilities as at June 30, 2014.

The Company has not paid any amounts for interest or income taxes during the year ended June 30, 2015 (2014 - $nil).

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Net loss for the year	$ (2,205,718)	$ (1,276,744)
Expected income tax (recovery)	$ (573,000)	$ (332,000)
Change in statutory, foreign tax, foreign exchange rates and other	-	(4,000)
Permanent Difference	59,000	-
Change in unrecognized deductible temporary differences	514,000	336,000
Total income tax expense (recovery)	**$ -**	**$ -**

The significant components of the Company's unrecognized deferred tax asset is as follows:

	2015	2014
Exploration and evaluation assets	$ 717,000	$ 368,000
Share issue costs	20,000	24,000
Property and equipment	41,000	29,000
Allowable capital losses	39,000	25,000
Non-capital losses	4,290,000	4,177,000
Unrecognized deferred tax asset	**$ 5,107,000**	**$ 4,623,000**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2015	Expiry Range	2014	Expiry Range
Temporary Differences				
Exploration and evaluation assets	$2,758,000	No expiry date	$ 1,417,000	No expiry date
Property and equipment	158,000	No expiry date	110,000	No expiry date
Share issue costs	78,000	2036 to 2039	93,000	2035 to 2038
Allowable capital losses	149,000	No expiry date	96,000	No expiry date
Non-capital losses available for future periods	16,499,000	2016 to 2035	16,066,000	2015 to 2034

Tax attributes are subject to review and potential adjustments from tax authorities.

13. SEGMENTED INFORMATION

The Company has one reportable operating segment, being oil and gas exploration and development in Africa. The Company's non-current assets by geographic location are as follows:

	Equipment	Exloration & evaluation assets
June 30, 2015		
Canada	$ 19,061	$ -
United Kingdom	7,955	-
Liberia	353	1,968,351
Kenya	5,035	5,773,680
Guinea	-	987,258
	$ 32,404	$8,729,289

	Equipment	Exloration & evaluation assets
June 30, 2014		
Canada	$ 136,321	$ -
United Kingdom	12,398	-
Liberia	1,406	1,968,351
Kenya	9,374	4,005,335
Guinea	-	741,593
Chad	-	619,856
	$ 159,499	$ 7,335,135

14. EVENTS SUBSEQUENT TO YEAR END

Subsequent to year end, 530,000 options were exercised at $0.06 per share for gross proceeds of $31,800.