

**ARKOSE ENERGY, CORP
AMENDED II. FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDING 8-31-2015
AND THE FISCAL YEAR ENDING 5-31-2015**

ARKOSE ENERGY, CORP
BALANCE SHEET
FOR THE THREE MONTH PERIOD ENDED 8-31-2015
AND THE YEAR ENDED 5-31-2015
UNAUDITED

	3 months ended 8/31/2015	year ended 31-May-15
ASSETS		
Current Assets		
Cash in Bank	346	86,037
Total current Assets	<u>346</u>	<u>86,037</u>
Other Assets		
Big Canyon Project	<u>46,562</u>	<u>46,216</u>
TOTAL ASSETS	<u>46,908</u>	<u>132,297</u>
LIABILITES AND EQUITY		
Current Liabilites		
Accounts payable	16,400	16,400
Loans payable		
Falhouth street holdings	4,500	4,500
Hayre, Sawinder, Singh	1,050	1,050
Len Kabaia	10,015	10,015
Orum Victus Factoring	100,000	100,000
OTC Global Advisors	50,000	50,000
DB14,LLC	69,107	69,107
P & I Capital	6,550	6,550
Abe Alvarez	15,000	15,000
Doug Yauger	10,500	10,500
AH Loan	14,438	
Gary Bryant	<u>3,000</u>	<u>3,000</u>
Total current Liabilities	300,560	269,772
EQUITY		
Capital Stock	2,757	2,203
Additional paid in capital	2,616,337	2,616,337
Retained Earnings (deficit)	-2,858,308	-2,669,644
Net Income-current period	<u>-14,438</u>	<u>-86,321</u>
TOTAL EQUITY	<u>-253,652</u>	<u>-137,425</u>
TOTAL LIBAILITES & EQUITY	<u>46,908</u>	<u>132,297</u>

ARKOSE ENERGY, CORP
PROFIT AND LOSS
FOR THE THREE MONTH PERIOD ENDED 8-31-2015
AND THE YEAR ENDED 5-31-2015
UNAUDITED

	3 months ended 8/31/2015	year ended 5/31/2015
INCOME	0	43,306
Total Income (loss)	0	43,306
COST OF GOODS SOLD		
Lease operating Costs	14,438	21,800
Pumbing Labor	<u>0</u>	<u>15,261</u>
Total Costs of Goods Sold	14,438	37,061
Administrative Expenses	<u>0</u>	<u>92,566</u>
Total Expenses	14,438	129,627
Net Income	<u>-14,438</u>	<u>-86,321</u>

ARKOSE ENERGY CORP
STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIOD ENDED AUGUST 31, 2015 AND THE
FISCAL YEAR ENDED MAY 31-2015
UNAUDITED

CASH FLOWS FROM OPERATING ACTIVITIES	8/31/2015	5/31/2015
Net Loss	-14,438	-86,321
Decrease (Increase) in Assets and Liabilities	<u>85,619</u>	<u>84,250</u>
NET CASH USED IN OPERATION ACTIVITIES	-100,129	-2,069
CASH FLOWS FROM FINANCING ACTIVITIES		
Accounts Payable	0	-5,100
Additional Paid In Capital	7,780	0
Restructuring Notes Payable	<u>30,789</u>	<u>-163,838</u>
NET CASH PROVIDED BY FINANCING	30,789	-161,158
NET DECREASE IN CASH AND CASH EQUIV	-98,060	-163,227
CASH AT BEGINNING OF PERIOD	86,037	-215
CASH AT END OF PERIOD	346	86,037

ARKOSE ENERGY, CORP
STATEMENT OF STOCKHOLDER EQUITY
FOR THE PERIOD FROM 5-31-2015 THROUGH 8-31-2015
UNAUDITED

	Common Stock		Additional Acc		Net Income	Total Shareholder
	Shares	\$ Amount	PD in CAP	Deficit	(loss)	Equity
Balance 5-31-2015	22,036,458*	2,203	2,616,337	-2,669,644	-86,321	-137,425
Stock Sales	5,539,210	555	0	-186,664		-101,789
Net Loss					-14,438	-14,438
Balance 8-31-2015	27,575,668	2,758	2,616,337	-2,858,308	-100,759	-253,652

* On 6-1-2014 The company issued warrants to purchase
2,900,000 shares of Common Stock for a price of .001 per share
On 11-29-2014 The Company issued warrants to purchase
5,900,000 shares of Common Stock for a price of .001 per share

ARKOSE ENERGY INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED AUGUST 31, 2015 AND
THE FISCAL YEAR ENDED MAY 31, 2015
(UNAUDITED)**

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

ARKOSE ENERGY INC. ("the Company", "ARKOSE") was incorporated in the state of Nevada on September 13, 2002 ("Inception"). The Company was named Cantex Energy Corp. the name was changed to Arkose Energy Inc effective June 20, 2014. The company is engaged in the acquisition, development, and rehabilitation of oil and gas properties in the state of Texas.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein.

The Company has adopted a fiscal year-end of May 31.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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

We maintain cash balances in non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, prepaid expenses and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, there were no outstanding potential common stock equivalents and therefore basic and diluted earnings per share result in the same figure.

Stock-Based Compensation

The Company adopted FASB guidance on stock based compensation upon inception at December 29, 2014. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company on 6-1-2014 issued 2,900,000 warrants to purchase common stock for a price of .001 per share. The Company on 11-29-2014 issued 5,900,000 warrants to purchase common stock for a price of .001 per share.

Revenue Recognition

Revenue recognition will occur at the time of sale of merchandise to Oilfield's customers, in compliance with FASB ASC 605, "*Revenue Recognition*." Sales are recorded at the time the trailer is delivered to the customer. A sales invoice is prepared at the time of delivery and entered into the books and records of the Company as a sale. Sales are expected to include the sale of merchandise through direct sales generated by cold calling marketing efforts. Sales are recorded net of sales taxes collected.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. There were no advertising or promotional expenses during the period from May 31, 2014 to August 31, 2015.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

In June 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The new guidance requires that share-based compensation that require a specific performance target to be achieved in order for employees to become eligible to vest in the awards and that could be achieved after an employee completes the requisite service period be treated as a performance

condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation costs should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. This new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in this Update either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of ASU 2014-12 is not expected to have a material impact on our financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-10: Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation, to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements of development stage entities. The amendments in this update remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information. The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The amendments to eliminate that exception simplify U.S. GAAP by reducing avoidable complexity in existing accounting literature and improve the relevance of information provided to financial statement users by requiring the application of the same consolidation guidance by all reporting entities. The elimination of the exception may change the consolidation analysis, consolidation decision, and disclosure requirements for a reporting entity that has an interest in an entity in the development stage. The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements of Topic 915 should be applied retrospectively except for the clarification to Topic 275, which shall be applied prospectively. For public companies, those amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early adoption is permitted. The adoption of ASU 2014-10 is not expected to have a material impact on our financial position or results of operations.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has incurred net losses from operations resulting in an accumulated deficit of \$2,858,308 as of August 31, 2015. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing its business plan in an effort to begin to realize revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Related Party

On December 30, 2014, the Company sold 11,100,000 founder's shares at the par value of \$0.0001 in exchange for proceeds of \$2,203 in cash To the Company's founder and CEO.

Note 4 – Fair Value of Financial Instruments

The Company adopted FASB ASC 820-10 upon inception at December 29, 2014. Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company doesn't have any financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The fair value of the Company's cash is based on quoted prices and therefore classified as Level 1.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table presents assets and liabilities that were measured and recognized at fair value as of May 31, 2015 and August 31, 2015.

Description	Level 1	Level 2	Level 3	Total Realized Loss
	\$ -	\$ -	\$ -	\$ -
Balance at May 31, 2015	\$ -	\$ -	\$ -	\$ -
Description	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2015	\$ -	\$ -	\$ -	\$ -

Note 5 – Stockholder's Equity

On September 13, 2002, the founder of the Company established 480,000,000 authorized shares of \$0.0001 par value common stock. Common Stock

On September 13, 2002, the Company sold 11,100,000 founder's shares at the par value of \$0.0001 in exchange for proceeds of \$1,110 in cash.

In the period from September 13, 2002 to August 31, 2015 the company sold 16,475,668 shares of stock to various individuals for cash and services totaling \$2,616,892

The Company on 6-1-2014 issued 2,900,000 warrants to purchase common stock for a price of .001 per share.

The Company on 11-29-2014 issued 5,900,000 warrants to purchase common stock for a price of .001 per share.

Note 6 – Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the period from September 13, 2002 (Inception) to August 31, 2015 the Company incurred a net operating loss and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. On August 31, 2015, the Company had accumulated losses of \$2,858,308. The net operating loss carry forwards, if not utilized, will begin to expire in 2016.

Based on the available objective evidence, including the Company's history of its loss, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at August 31, 2015, respectively.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

Note 7 – Subsequent Events

There were no subsequent events through the date that the financial statements were issued.