NORTH SOUTH PETROLEUM CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
OCTOBER 31, 2015

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NORTH SOUTH PETROLEUM CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	October 31, 2015 $	July 31, 2015 $
ASSETS			
Current assets			
Cash		1,065,692	1,111,476
GST receivable		3,403	880
Prepaid expenses		833	833
TOTAL ASSETS		1,069,928	1,113,189
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	28,399	5,944
TOTAL LIABILITIES		28,399	5,944
SHAREHOLDERS' EQUITY			
Share capital	3	2,273,193	2,273,193
Share-based payments reserve		446,964	392,307
Deficit		(1,678,628)	(1,558,255)
TOTAL SHAREHOLDERS' EQUITY		1,041,529	1,107,245
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,069,928	1,113,189

Nature of Operations - see Note 1

These condensed interim financial statements were approved for issue by the Board of Directors on December 14, 2015 and are signed on its behalf by:

/s/ Craig Taylor
Craig Taylor
Director

/s/ Marc Cernovitch
Marc Cernovitch
Director

The accompanying notes are an integral part of these condensed interim financial statements.

NORTH SOUTH PETROLEUM CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended October 31, 2015 $	2014 $
Expenses			
Accounting and administrative	4	8,300	4,500
Audit		6,800	5,825
Bank charges		122	55
Consulting fees		43,500	-
Legal		4,589	-
Office		358	553
Regulatory fees		1,250	1,250
Share-based compensation	3(c)	54,657	-
Shareholder costs		1,110	-
Transfer agent		1,915	543
Travel		833	-
		123,434	12,726
Loss before other items		(123,434)	(12,726)
Other items			
Interest income		2,957	536
Foreign exchange gain		104	-
		3,061	536
Net loss and comprehensive loss for the period		(120,373)	(12,190)
Loss per share - basic and diluted		$(0.00)	$(0.01)
Weighted average number of common shares outstanding		23,291,990	1,291,990

The accompanying notes are an integral part of these condensed interim financial statements.

NORTH SOUTH PETROLEUM CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended October 31, 2015				
		Share Capital				
		Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at July 31, 2015		23,291,990	2,273,193	392,307	(1,558,255)	1,107,245
Share-based compensation		-	-	54,657	-	54,657
Net loss for the period		-	-	-	(120,373)	(120,373)
Balance at October 31, 2015		23,291,990	2,273,193	446,964	(1,678,628)	1,041,529

	Note	Three Months Ended October 31, 2014				
		Share Capital				
		Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at July 31, 2014		1,291,990	1,240,513	213,816	(1,300,797)	153,532
Net loss for the period		-	-	-	(12,190)	(12,190)
Balance at October 31, 2014		1,291,990	1,240,513	213,816	(1,312,987)	141,342

The accompanying notes are an integral part of these condensed interim financial statements.

NORTH SOUTH PETROLEUM CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended October 31,	
	2015	2014
	$	$
Operating activities		
Net loss for the period	(120,373)	(12,190)
Adjustments for:		
Share-based compensation	54,657	-
Changes in non-cash working capital items:		
GST receivable	(2,523)	(83)
Prepaid expenses	-	61
Accounts payable and accrued liabilities	22,455	5,758
Net cash used in operating activities	(45,784)	(6,454)
Net change in cash during the period	(45,784)	(6,454)
Cash at beginning of period	1,111,476	156,354
Cash at end of period	1,065,692	149,900

The accompanying notes are an integral part of these condensed interim financial statements.

1. Nature of Operations

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2007. The Company is considered to be a capital pool company by the TSX Venture Exchange ("TSXV") and its common shares trade on the NEX Board of the TSXV under the trading symbol "NAS.H". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company's principal business objective has been the identification and evaluation of companies, businesses, properties, or assets with a view to acquisition or participation therein. As at October 31, 2015 the Company had working capital of $1,041,529 and expects that it has sufficient financial resources to continue to fund current levels of corporate administration and conduct due diligence for the next twelve months. Where acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing.

2. Basis of Preparation

Statement of Compliance

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended July 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended July 31, 2015.

Basis of Measurement

The Company's financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

3. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited preferred shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

(i) There were no equity financings conducted by the Company during the three months ended October 31, 2015

(ii) During fiscal 2015 the Company completed a non-brokered private placement financing of 22,000,000 common shares at a price of $0.05 per share for gross proceeds of $1,100,000. The Company paid a finder's fee of $35,550 cash and issued 711,000 finder's warrants at a fair value of $4,824. Each finder's warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.05 per share expiring April 7, 2016. The fair value of the finder's warrants have been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.58%; expected volatility of 120.0%; an expected life of one year; a dividend yield of 0%; and an expected forfeiture rate of 0%. As at October 31, 2015 the finder's warrants remained outstanding.

The Company incurred $26,946 for legal and filing costs.

3. Share Capital (continued)

East West Petroleum Corp. ("East West"), a public company trading on the TSXV, purchased 3,900,000 common shares of the private placement. On closing of the private placement East West owned approximately 16.74% of the issued and outstanding common shares of the Company and a director of East West was subsequently appointed a director of the Company. In addition, on May 22, 2015 a director of East West was also appointed as a director of the Company and another director of East West was appointed as the corporate secretary of the Company.

(c) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the three months ended October 31, 2015 the Company granted share options to purchase 760,000 (2014 - nil) common shares and recorded compensation expense of $54,657 (2014 - $nil).

The fair value of share options granted during the three months ended October 31, 2015 have been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.41% - 0.73%; expected volatility of 63.68% - 99.76%; an expected life of 5 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The weighted average fair value of all share options granted during the three months ended October 31, 2015 was $0.16 (2014 - $nil) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at October 31, 2015 and 2014 and the changes for the three months ended on those dates, is as follows:

	2015		2014	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	967,500	0.27	-	-
Granted	760,000	0.20	-	-
Balance, end of period	1,727,500	0.24	-	-

The following table summarizes information about the share options outstanding and exercisable at October 31, 2015:

Number	Exercise Price $	Expiry Date
967,500	0.27	June 8, 2018
400,000	0.20	August 24, 2020
360,000	0.20	September 16, 2020
1,727,500		

The weighted average remaining contractual life of the above options as of October 31, 2015 was 3.59 years.

3. Share Capital (continued)

(d) *Escrow Shares*

As at October 31, 2015, 76,666 common shares were held in escrow.

4. Related Party Disclosure

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(a) During the three months ended October 31, 2015 the Company recorded $19,113 (2014 - $nil) as share-based compensation for share options granted to officers and directors of the Company.

(b) During the three months ended October 31, 2015 $8,300 (2014 - $nil) was incurred for accounting and administration services provided by a private company owned by the Company's corporate secretary. As at October 31, 2015, $5,000 (2014 - $nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Note 3(b)(ii).

5. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); held-to-maturity investments; loans and receivables; available-for-sale; and other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	October 31, 2015 $	July 31, 2015 $
Cash	FVTPL	1,065,692	1,111,476
Accounts payable and accrued liabilities	Other liabilities	(28,399)	(5,944)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

5. Financial Instruments and Risk Management (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at October 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,065,692	-	-	-	1,065,692
Accounts payable and accrued liabilities	(28,399)	-	-	-	(28,399)

	Contractual Maturity Analysis at July 31, 2015				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	1,111,476	-	-	-	1,111,476
Accounts payable and accrued liabilities	(5,944)	-	-	-	(5,944)

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to identify and evaluate potential business acquisitions and to negotiate acquisitions or participation agreements. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.