



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

NINE MONTH PERIODS ENDED

SEPTEMBER 30, 2015 AND 2014

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Opal Energy Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2015	December 31, 2014
	(\$)	(\$)
ASSETS		
Current assets		
Cash	450,189	1,572
GST Receivable	4,754	7,721
Prepaid expenses	9,327	5,500
	464,270	14,793
Exploration and evaluation assets (Note 4)	604,335	150,821
	1,068,605	165,614
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	103,949	222,101
Notes Payable (Note 6)	-	106,601
	103,949	328,702
Notes payable (Note 6)	138,451	-
	242,400	328,702
Shareholders' equity (deficiency)		
Share capital (Note 7)		
Common shares	78,870,650	77,440,274
Class "A" shares	37,927	37,927
Share-based reserves (Note 7)	4,059,967	3,964,967
Deficit	(82,142,339)	(81,606,256)
	826,205	(163,088)
	1,068,605	165,614

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 13)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2015. They are signed on behalf of the Board of Directors by:

"David Hughes"
Director

"Wayne Tisdale"
Director

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

Opal Energy Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended September 30, 2015 (\$)	Three Month Period Ended September 30, 2014 (\$)	Nine Month Period Ended September 30, 2015 (\$)	Nine Month Period Ended September 30, 2014 (\$)
EXPENSES				
Consulting fees (Note 8)	67,430	10,270	219,856	23,190
Interest expense (Note 6)	3,116	6,526	9,350	23,628
Foreign exchange loss	248	-	199	-
Office and general	10,956	298	21,533	2,524
Professional fees (Note 8)	20,672	2,627	55,365	17,627
Property investigation costs	7,422	5,567	13,772	5,567
Rent	16,000	16,500	49,000	16,500
Shareholder relations	257	329	942	329
Share-based compensation (Note 7)	10,000	-	95,000	-
Transfer agent and filing fees	1,839	3,452	22,400	12,699
Travel	13,140	16,531	54,131	20,188
Loss from operations	(151,080)	(62,100)	(541,548)	(122,252)
Other income	4,269	813	5,465	2,977
Loss and comprehensive loss	(146,811)	(61,287)	(536,083)	(119,275)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.02)	(0.01)
Weighted average common shares outstanding	35,341,017	12,277,975	32,385,522	9,899,810

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

Opal Energy Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Common Shares	Number of Class "A" Shares	Share Capital		Share-based Reserves	Deficit	Total Shareholders' Equity (Deficiency)
			Common Shares	Class "A" Shares			
			(\$)		(\$)	(\$)	(\$)
Balance at December 31, 2013	8,691,019	33,713	76,699,311	37,927	3,964,967	(81,260,548)	(558,343)
Shares issued for settlement of notes	6,000,000	-	360,000	-	-	-	360,000
Shares issued in private placement	6,599,998	-	396,000	-	-	-	396,000
Share issuance costs - cash	-	-	(15,037)	-	-	-	(15,037)
Share subscriptions receivable	-	-	(36,000)	-	-	-	(36,000)
Loss and comprehensive loss	-	-	-	-	-	(119,275)	(119,275)
Balance at September 30, 2014	21,291,017	33,713	77,404,274	37,927	3,964,967	(81,379,823)	27,345
Share subscriptions receivable	-	-	36,000	-	-	-	36,000
Loss and comprehensive loss	-	-	-	-	-	(226,433)	(226,433)
Balance at December 31, 2014	21,291,017	33,713	77,440,274	37,927	3,964,967	(81,606,256)	(163,088)
Shares issued in private placement	12,050,000	-	1,205,000	-	-	-	1,205,000
Shares issued for asset acquisition	2,000,000	-	300,000	-	-	-	300,000
Share issuance costs - cash	-	-	(74,624)	-	-	-	(74,624)
Stock options granted	-	-	-	-	95,000	-	95,000
Loss and comprehensive loss	-	-	-	-	-	(536,083)	(536,083)
Balance at September 30, 2015	35,341,017	33,713	78,870,650	37,927	4,059,967	(82,142,339)	826,205

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

Opal Energy Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Month Period Ended September 30, 2015 (\$)	Nine Month Period Ended September 30, 2014 (\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss and comprehensive loss	(536,083)	(119,275)
Items not affecting cash:		
Accrued interest	9,350	23,628
Share-based compensation	95,000	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	2,967	(5,302)
Decrease in prepaid expenses	(3,827)	1,250
Increase (decrease) in accounts payable and accrued liabilities	(118,152)	93,533
Cash used in operating activities	(550,745)	(6,166)
FINANCING ACTIVITIES		
Proceeds from notes payable	22,500	50,000
Proceeds from issuance of common shares	1,205,000	360,000
Repayment of notes payable	-	(67,258)
Share issuance costs	(74,624)	(15,037)
Cash provided by financing activities	1,152,876	327,705
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(153,514)	(249,522)
Cash used in investing activities	(153,514)	(249,522)
Change in cash during the period	448,617	72,017
Cash - Beginning of period	1,572	3,121
Cash - End of period	450,189	75,138

Supplemental Cash Flow Information (Note 12)

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

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

1. NATURE OF OPERATIONS AND GOING CONCERN

Opal Energy Corp. ("the Company") was incorporated on December 1, 1988 under the laws of the province of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol "OPA".

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Canada.

At the date of the condensed interim consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

The condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. The Company estimates that it will need additional capital to operate for the upcoming year. The Company believes such financing will be available as required, however, there can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014, prepared in accordance with IFRS as issued by the IASB.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and for certain financial assets and liabilities measured at fair value.

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

2. BASIS OF PRESENTATION (continued)**Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Opal Energy Inc.	U.S.A.	100%	Dormant

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. The Company has adequately provided for all income tax obligations, however; changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

ii) Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

OPAL ENERGY CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Significant judgments that management has made at the end of the reporting period are as follows:

i) Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

ii) The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended December 31, 2014.

New standards, amendments and interpretations to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2016 but are not yet effective:

IFRS 11, Joint arrangements

This standard was amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

IAS 16, Property, plant and equipment and IAS 38, Intangible assets

These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

IAS 27, Separate financial statements and IFRS 1, First-time adoption of IFRS

IAS 27 was amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

IFRS 1 was amended to permit the use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

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FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2018 but are not yet effective:

IFRS 9, Financial instruments

This standard was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will adopt the standard early.

4. EXPLORATION AND EVALUATION ASSET

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Canada.

Firebag River Property, Alberta

On September 23, 2014, the Company entered into a property option agreement with 877384 Alberta Ltd. and Declan Resources Inc. to acquire a 70% interest in the Firebag River Property located in Alberta, Canada. To acquire the property, the Company must make cash payments, incur expenditures and issue shares as follows:

	Acquisition - Shares	Acquisition - Cash	Exploration Work Commitments
		(\$)	(\$)
Upon TSX-V approval of agreement (paid and issued)	2,000,000	50,000	-
Within 90 days of TSX-V approval (paid)	-	156,527	-
First anniversary of TSX-V approval	1,000,000	100,000	-
Second anniversary of TSX-V approval	1,000,000	100,000	-
November 22, 2014	-	-	150,000
June 22, 2015	-	-	100,000
November 22, 2015	-	-	100,000
November 22, 2016	-	-	500,000
Total	4,000,000	406,527	850,000

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

4. EXPLORATION AND EVALUATION ASSETS (continued)Acquisition costs

A schedule of exploration and evaluation asset acquisition costs is as follows:

	Firebag River
	(\$)
At December 31, 2013	-
Cash	70,000
At December 31, 2014	70,000
Common shares	300,000
Cash	136,527
September 30, 2015	506,527

Exploration and evaluation expenditures

A schedule of exploration and evaluation expenditures is as follows:

	Firebag River
	(\$)
At December 31, 2013	-
Assays	10,992
Field work	23,232
Geological	46,597
At December 31, 2014	80,821
Consulting	392
Geological	1,455
Licenses and permits	15,140
September 30, 2015	97,808

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities is comprised of the following:

	September 30,	December 31,
	2015	2014
	(\$)	(\$)
Accounts payable	94,949	222,101
Accrued liabilities	9,000	-
	103,949	222,101

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

6. NOTES PAYABLE

During the year ended December 31, 2014, the Company issued notes payable for total proceeds of \$104,500. The loans mature one year from the date of issuance and bear interest at a rate of 10% per annum.

During the nine month period ended September 30, 2015, the Company issued notes payable for total proceeds of \$22,500. The loans mature one year from the date of issuance and bear interest at a rate of 10% per annum. The Company recorded \$9,350 (2014 - \$23,628) in interest expense.

During the nine month period ended September 30, 2015, the Company entered into extension agreements for all of the outstanding notes which has amended the maturity date of each note to be three years from the original issue date. A summary of the outstanding notes is as follows:

Issue Date	Maturity Date	Interest Rate	Amount
		(%)	(\$)
July 11, 2014	July 11, 2017	10	10,000
September 4, 2014	September 4, 2017	10	10,000
October 30, 2014	October 30, 2017	10	31,000
November 6, 2014	November 6, 2017	10	5,000
November 10, 2014	November 10, 2017	10	41,000
November 20, 2014	November 20, 2017	10	7,500
January 13, 2015	January 13, 2018	10	5,000
January 15, 2015	January 15, 2018	10	10,000
January 30, 2015	January 30, 2018	10	7,500
Total			127,000

7. SHARE CAPITAL AND RESERVES**a) Authorized share capital**

An unlimited number of common shares without par value and 5,057 Class "A" shares, Series 1. The Class "A" shares, Series 1 are non-voting and are convertible into common shares at any time on the basis of 6.67 common shares for each Class A Series I share held.

b) Issued share capital

During the nine month period ended September 30, 2015, the Company:

- i) issued 2,000,000 common shares at a price of \$0.15 per share at value of \$300,000 to Declan Resources Inc. pursuant to the property option agreement (Note 4).

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

7. SHARE CAPITAL AND RESERVES (continued)**b) Issued share capital (continued)**

- ii) issued 12,050,000 units at a price of \$0.10 per unit for total proceeds of \$1,205,000. Each unit consisted of one common share and one share purchase warrant wherein each warrant entitles the holder to purchase one common share at a price of \$0.15 until February 27, 2020. The Company recorded \$74,625 of share issuance costs in connection with this financing.

During the year ended December 31, 2014, the Company:

- i) settled \$300,000 of notes payable by issuing 6,000,000 common shares valued at \$360,000. The Company incurred a loss of \$60,000 on the debt settlement.
- ii) issued 6,599,998 units at a price of \$0.06 per unit for total proceeds of \$396,000. Each unit consisted of one common share and one share purchase warrant wherein each warrant entitles the holder to purchase one common share at a price of \$0.12 until September 16, 2015. The Company recorded \$15,037 of share issuance costs in connection with this financing.

At September 30, 2015, 5,000 common shares (December 31, 2014 – 5,000) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.

c) Stock options

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a rolling Stock Option Plan (the "Plan") whereby the Company can issue up to 10% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

At September 30, 2015, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price (\$)	Weighted Average Remaining Life (years)
April 29, 2015	850,000	850,000	0.10	4.58
July 31, 2015	100,000	100,000	0.10	4.84
	950,000	950,000	0.10	4.61

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – December 31, 2014 and 2013	-	-
Granted	950,000	0.10
Balance – September 30, 2015	950,000	0.10

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

7. SHARE CAPITAL AND RESERVES (continued)**c) Stock options (continued)**

During the nine month period ended September 30, 2015, the Company granted 950,000 (2014 - Nil) stock options with a fair value of \$95,000 (2014 - \$Nil). These options are fully vested on the grant date, and accordingly the Company expensed \$95,000 (2014 - \$Nil) as share-based compensation.

The options were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	2015
Risk-free interest rate	0.80%
Expected life of options	5 years
Volatility	434.50%
Expected dividend yield	Nil
Forfeiture rate	Nil

d) Share purchase warrants

At September 30, 2015, the Company had share purchase warrants outstanding as follows:

Expiry Date	Options Outstanding	Exercise Price (\$)	Weighted Average Remaining Life (years)
March 16, 2016 *	6,599,998	0.12	0.46
February 27, 2020	12,050,000	0.15	4.41
	18,649,998	0.14	3.01

* Warrants were extended from their original expiration date of September 16, 2015.

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance - December 31, 2013	-	-
Issued	6,599,998	0.12
Balance - September 30, 2014	6,599,998	0.12
Issued	12,050,000	0.15
Balance - June 30, 2015	18,649,998	0.14

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

8. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

Key Management Personnel

	September 30, 2015	September 30, 2014
	(\$)	(\$)
Consulting fees	99,000	9,000
Interest	1,990	22,744
Share-based compensation	70,000	-
Professional fees	12,478	17,252
Total	183,468	48,996

- a) As at September 30, 2015, a total of \$39,000 (December 31, 2014 - \$26,500) was included in accounts payable and accrued liabilities owing to a corporation controlled by a director of the Company for consulting fees.
- b) As at September 30, 2015, a total of \$Nil (December 31, 2014 - \$3,150) was included in accounts payable and accrued liabilities owing to a corporation controlled by the Chief Financial Officer of the Company for consulting fees.
- c) As at September 30, 2015, a total of \$Nil (December 31, 2014 - \$8,782) was included in accounts payable and accrued liabilities owing to a corporation controlled by a director of the Company for legal fees.
- d) As at September 30, 2015, a total of \$5,607 (December 31, 2014 - \$3,930) was included in accounts payable and accrued liabilities owing to a corporation controlled by the Chief Executive Officer ("CEO") of the Company for out of pocket costs.
- e) As at September 30, 2015, a total of \$30,286 (December 31, 2014 - \$Nil) in notes payable and accrued interest was owing to two corporations controlled by the CEO of the Company (Note 6).

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT*Financial risk management*

Financial instruments measured at fair value are classified into one of 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 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and notes payable.

The Company classified its cash as fair value through profit or loss and accounts payable and accrued liabilities and notes payable as other financial liabilities. The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair value of notes payable is measured on the statement of financial position using level 2 of the fair value hierarchy. The fair values of accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and the balances are in good standing as at September 30, 2015. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities and loans payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

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FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*Commodity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

10. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There have been no changes to the Company's approach to capital management during the nine month period ended September 30, 2015.

11. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are located in Canada.

OPAL ENERGY CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

12. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2015	September 30, 2014
	(\$)	(\$)
Supplemental Disclosure of Cash Flow Information:		
Shares issued for acquisition of exploration and evaluation assets	300,000	-
Shares issued for debt settlement	-	300,000

13. COMMITMENTS AND CONTINGENCIES

At September 30, 2015, the Company had the following commitments and contingencies:

- a) On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay \$1,500 plus GST per month commencing on September 1, 2015 and continuing until the expiration of the underlying head lease on July 31, 2018.

Fiscal Year	Amount
	(\$)
2015	15,000
2016	60,000
2017	60,000
2018	35,000

- b) On March 9, 2015, the Company was contacted by the Ontario Ministry of Northern Development and Mines and notified that it has rehabilitation obligations with respect to the Tashota Nipigon mine in northern Ontario. This mine property was acquired by one of the Corporation's predecessor companies in 1939. The Corporation has retained consultants to assess the potential cost of the rehabilitation, and its liability if any. As at September 30, 2015 the Company is assessing its ownership in this property and therefore is unable to anticipate or quantify any financial obligation.