Crest Petroleum Corp.

(A Capital Pool Company)

FINANCIAL STATEMENTS

For the year ended February 28, 2015

Expressed in Canadian Dollars

Independent Auditors' Report

To the Shareholders of Crest Petroleum Corp.:

We have audited the accompanying financial statements of Crest Petroleum Corp., which comprise the statements of financial position as at February 28, 2015 and 2014 and the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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, the financial statements present fairly, in all material respects, the financial position of Crest Petroleum Corp. as at February 28, 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 - Going Concern

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Crest Petroleum Corp.'s ability to continue as a going concern.

MNP LLP

Calgary, Alberta
June 26, 2015

Chartered Accountants

Crest Petroleum Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

	Notes		February 28, 2015		February 28, 2014
ASSETS					
Current assets					
Cash and cash equivalents	6	$	16,540	$	360,918
Accounts receivable	7		-		1,177
Prepaid expenses			3,111		-
TOTAL ASSETS		**$**	**19,651**	**$**	**362,095**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	32,295	$	35,420
TOTAL LIABILIITES			**32,295**		**35,420**
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	5		532,836		532,836
Reserves	5		45,600		45,600
Deficit			(591,080)		(251,761)
TOTAL EQUITY			**(12,644)**		**326,675**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**19,651**	**$**	**362,095**

Going concern (Note 2)
Subsequent event (Note 13)

On behalf of the Board:

"Toby Pierce", Director   *"David Schmidt"*, Director

Crest Petroleum Corp.
Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes		Year ended February 28, 2015		Year ended February 28, 2014
Expenses					
Bank charge and interest		$	348	$	338
Travel and promotion			44,505		49,920
Office and general			33,680		5,547
Professional fees			225,458		44,345
Registration and filing fees			35,705		18,987
			(339,696)		(119,137)
Other items					
Interest income			829		1,800
Foreign exchange loss			(452)		-
			377		
Net loss and comprehensive loss for the year			**(339,319)**		**(117,337)**
Loss per share – basic and diluted		**$**	**(0.19)**	**$**	**(0.09)**
Weighted average number of shares outstanding			**1,819,490**		**1,274,285**

Crest Petroleum Corp.
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
Balance at February 28, 2013	**1,000,000**	**$ 293,082**	**$ 45,600**	**$ (134,424)**	**$ 204,258**
Shares issued for cash	1,000,000	250,000	-	-	250,000
Share issue costs	-	(10,246)	-	-	(10,246)
Net loss for the year	-	-	-	(117,337)	(117,337)
Balance at February 28, 2014	**2,000,000**	**$ 532,836**	**$ 45,600**	**$ (251,761)**	**$ 326,675**
Balance at February 28, 2014	**2,000,000**	**$ 532,836**	**$ 45,600**	**$ (251,761)**	**$ 326,675**
Shares cancelled	(250,000)	-	-	-	-
Net loss for the year	-	-	-	(339,319)	(339,319)
Balance at February 28, 2015	**1,750,000**	**$ 532,836**	**$ 45,600**	**$ (591,080)**	**$ (12,644)**

See accompanying notes to the financial statements.

Crest Petroleum Corp.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	Year ended February 28, 2015	Year ended February 28, 2014
Operating activities			
Loss for the year		$ (339,319)	$ (117,337)
Items not affecting cash			
Changes in non-cash working capital items:			
Accounts receivable		1,177	152
Prepaid expenses		(3,111)	-
Accounts payable and accrued liabilities		(3,125)	15,287
Net cash flows used in operating activities		(344,378)	(101,898)
Financing activities			
Shares issued for cash		-	250,000
Share issuance costs		-	(10,246)
Net cash flows from financing activities		-	239,754
Increase (decrease) in cash and cash equivalents		(344,378)	137,856
Cash and cash equivalents, beginning		360,918	223,062
Cash and cash equivalents, ending		**$ 16,540**	**$ 360,918**

1. Description of business and nature of operations

Crest Petroleum Corp. (the “Company”) was incorporated on January 24, 2012, under the laws of the province of British Columbia, Canada. Following the completion of its initial public offering (“IPO”) on June 26, 2012, (the “Listing Date”), the Company secured designation as a Capital Pool Company (“CPC”), as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual. The head office of the Company is located at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The Company’s principal activity is the identification, evaluation and negotiation for the acquisition of assets or a business (“Qualifying Transaction”) and thereby qualify as a Tier 2 issuer on the Exchange. The common shares of the Company have traded on the Exchange under the trading symbol “CTP.P” since June 26, 2012. The Company has not commenced operations and has no significant assets other than cash.

The Company entered into an agreement in principle dated June 25, 2014, with Sara Creek Gold Corp., pursuant to which the Company will acquire a non-operated working interest in two oil fields in Southern California. The proposed transaction would have constituted a qualifying transaction as that term is defined by the TSX Venture Exchange. On October 6, 2014, the Company terminated this agreement.

As of October 7, 2014, the Company had not completed a qualifying transaction within the prescribed time frame, and the Company's listing had transferred to the NEX. The Company's tier classification changed from Tier 2 to the NEX, and the filing and service office changed from Vancouver to the NEX.

The financial statements of the Company for the year ended February 28, 2015 were approved and authorized for issuance by the Board of Directors of Crest Petroleum Corp. on June 26, 2015.

2. Going concern

In addition to securing TSX Venture Exchange approval, Qualifying Transactions are generally subject to shareholder approval. Where acquisition or participation is warranted, additional funding will more likely than not be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There can be no assurance that such additional financing can be secured.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company cannot be expected to continue operations for the foreseeable future. For the year ended February 28, 2015, the Company had incurred accumulated operating losses in the amount of $591,080 and as at that date, the Company had working capital deficit of $12,644 and has not completed a Qualifying Transaction.

Although management believes there is sufficient funds on hand to fund day-to-day operating expenses and the search for a Qualifying Transaction over the next twelve months, additional financing will in all likelihood be required to fund a Qualifying Transaction. Additional financing would be sought through equity and/or debt issuances. In the event the Company is successful in securing a Qualifying Transaction, there can be no assurance that any required additional financing can be secured. These circumstances cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary to their reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

3. Significant accounting policies and basis of preparation

a) Statement of compliance

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the year ended February 28, 2015, using the significant accounting policies outlined below.

b) Basis of preparation and functional currency

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company’s functional currency, unless otherwise noted.

3. Significant accounting policies and basis of preparation (continued)

c) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value of share-based compensation, agents warrants, income tax provisions and note disclosures. Actual results may differ from those estimates and judgments.

d) Cash

Cash includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

e) Share capital

Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

f) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the year. For the year presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

3. Significant accounting policies and basis of preparation (continued)

g) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of comprehensive loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for- sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Other financial liabilities are subsequently measured at amortized cost.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

3. Significant accounting policies and basis of preparation (continued)

i) Taxes

Current tax:

Current tax for the year is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies and basis of preparation (continued)

j) Share-based compensation

The fair value of equity-settled share based payment transactions is estimated at the date of grant using the Black-Scholes option pricing model. This expense is recognized over a graded vesting period, the fair value of each tranche is recognized over its respective vesting period. When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises the estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates. These fair values are recognized as share based payments in the statement of comprehensive loss with a corresponding increase to reserves over the vesting period of the grant.

As the options are exercised, the consideration paid, together with the amount previously recognized in reserves, is recorded as an increase to share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

Equity-settled share based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

4. Accounting standards issued but not yet effective

Recent pronouncements issued

The Company will be required to adopt the following applicable new standards and amendments as issued by the IASB. The Company is currently evaluating the impact on the financial statements as discussed below.

i) IFRS 9, "Financial Instruments" establishes principles for the disclosure of financial assets and financial liabilities that will present information that is useful for the assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IFRS is applicable to all items that fall within the scope of IAS 39. ''Financial Instruments: Recognition and Measurement'. This IFRS is effective for annual periods commencing on or after January 1. 2018 and is to be applied retrospectively. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning March 1, 2019.

ii) IFRS 15, “revenue from contracts with customers” replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company continues to assess this new standard, but does not expect it to have a significant impact.

(Expressed in Canadian dollars)

5. Share capital

Authorized share capital

Unlimited number of common shares, without par value.

Issued share capital

At February 28, 2015 there were 1,750,000 issued and fully paid common shares.

During the year ended February 28, 2015, 76,400 shares were held in escrow and 250,000 shares were cancelled.

Pursuant to a resolution passed by the Directors on November 7, 2014, the Company consolidated its capital on a 1:5 basis. Effective at the opening on November 28, 2014, the common shares of the Company commenced trading on a consolidated basis. The financial statement are presented on the consolidated basis.

On October 23, 2013, the Company completed a private placement which consisted of 1,000,000 common shares at a price of $0.25 per share for gross proceeds of $250,000. The shares issued pursuant to the offering are subject to a four-month hold period expiring on February 24, 2014. In connection with the private placement, as of February 28, 2014, the Company had recognized issuance costs that included cash payments totaling $10,246.

Options

During the year ending February 28, 2013, the Company granted 100,000 options with an exercise price of $0.50 and a contractual life of 10 years to Directors of the Company and share-based compensation expense of $37,200 was recorded. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions; annualized volatility – 100%, risk-free rate – 1.15%, forfeiture rate – 0%, dividend rate – 0%.

There were no options granted in fiscal 2015 and 2014.

The weighted average remaining contractual life of the options outstanding at February 28, 2015 is 7.33 years (February 28, 2014 - 8.33).

Warrants

A summary of share purchase warrants activity for the year ended February 28, 2015 is as follows:

	Number of Warrants	Exercise Price
Balance, February 28, 2014	32,000	$0.10
Expired	(32,000)	$0.10
Balance, February 28, 2015	**-**	**-**

(Expressed in Canadian dollars)

6. Cash and cash equivalents

The components of cash are as follows:

	February 28, 2015	February 28, 2014
Cash at bank	$ 16,540	$ 210,918
Short-term investment (guaranteed investment certificate)	-	150,000
	$ 16,540	**$ 360,918**

7. Accounts receivable

Receivables consist of sales tax and interest receivable.

8. Accounts payable and accrued liabilities

	February 28, 2015	February 28, 2014
Accounts payable	$ 30,991	$ 24,457
Amounts due to related parties	1,304	10,963
	$ 32,295	**$ 35,420**

(Expressed in Canadian dollars)

9. Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended February 28, 2015	Year ended February 28, 2014
Net loss	$ (339,319)	$ (117,337)
Statutory tax rate	26.0%	25.92%
Expected tax recovery at the statutory tax rate	$ (88,223)	$ (30,414)
Differences due to recognition of items for tax purposes:		
Permanent differences	1,281	853
Change in enacted tax rates	-	(1,863)
Tax effect of share issuance costs	-	(2,664)
Change in deferred tax asset not recognized	86,942	34,088
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	Year ended February 28, 2015	Year ended February 28, 2014
Deferred tax assets		
Loss carry-forwards	$ 158,701	$ 68,704
Share issuance and financing costs	6,645	9,700
	165,346	78,404
Deferred tax asset not recognized	(165,346)	(78,404)
Deferred tax asset	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $610,389 (2014 - $264,247). These losses, if not utilized, will expire starting 2032. Deferred tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial due to the uncertainty of their realization.

The tax pools relating to these deductible temporary differences expire as follows:

Year of origin	Non-capital loss	Year of expiry
2012	$ 5,682	2032
2013	123,060	2033
2014	135,505	2034
2015	346,142	2035
	$ 610,389	

10. Related party transactions

As at February 28, 2015 the Company's total indebtedness to related parties amounted to $1,304 (2014 - $10,963) and is included with accounts payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

In the year ended February 28, 2014 directors and officers of the Company had subscribed for a total of 140,000 of the Company's fully paid and issued or allotted shares outstanding at a price of $0.25 per share for gross proceeds of $35,000.

During the years ended February 28, 2015 and February 28, 2014, there was no other compensation paid to key management.

11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash of $16,540 (2014 - $360,918). Cash is held with one financial institution, resulting in concentration of credit risk. This risk is managed by using a major financial institution with a high credit rating as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Financial instruments that subject the Company to liquidity risk consist primarily of accounts payable and accrued liabilities of $32,295 (2014 - $35,420).

The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

During the year ended February 28, 2015, the Company's sole source of funding has been the issuance of equity securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. The Company is primarily exposed to interest rate risk.

(Expressed in Canadian dollars)

11. Financial risk management (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a low exposure to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are exposed to interest rate fluctuations on renewal.

Currency risk

Currency 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 currently operates only in Canada and is not exposed to this risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to this risk.

Categories of financial instruments

Financial assets included in the statement of financial position are as follows:

	February 28, 2015	February 28, 2014
Fair value through profit or loss:		
Cash	$ 16,540	$ 360,918
Loans and receivables:		
Accounts receivables	-	1,177
	$ 16,540	$ 362,095

Financial liabilities included in the statement of financial position are as follows:

	February 28, 2015	February 28, 2014
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	$ 32,295	$ 35,420
	$ 32,295	$ 35,420

11. Financial risk management (continued)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short term maturities.

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.

Cash and cash equivalents are classified as level 1.

12. Capital management

Capital is comprised of the Company's shareholders equity, any debt that it may issue and working capital. As at February 28, 2015, working capital deficit amounted to $12,644 (2014 – working capital of $326,675) and current liabilities amounted to $32,295 (2014 - $35,420). The Company's objectives when managing capital are to ensure its ability to continue as a going concern and allow it to identify an appropriate business or asset in order to complete a qualifying transaction. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets, including successful capital deployment. The Company prepares annual budgets in order to facilitate the management of its capital requirements. To maintain or adjust the capital structure, the Company may from time to time, issue common shares, raise debt, adjust its capital spending or change dividends paid to manage its current and projected debt levels.

The Company is dependent on capital markets as its principal source of operating capital and the Company's capital resources are largely determined by: the strength of the junior capital markets; the strength of the Company's assets, if any in relation to these markets and by its ability to compete for investor support of its business plans. The Company is not subject to externally imposed capital requirements.

13. Subsequent event

On June 22, 2015, the Company closed its non-brokered private placement of 3,000,000 shares at a price of $0.055 per share to raise gross proceeds of $165,000. The securities issuable in the private placement will have a hold period of four months from the closing. The gross proceeds of $165,000 are intended to be used for working capital and to fund future property acquisitions.