

Crest Petroleum Corp.
(A Capital Pool Company)

Condensed Interim Financial Statements
For the three and nine months ended November 30, 2015
(Expressed in Canadian Dollars – Unaudited)

CREST PETROLEUM CORP.

(A Capital Pool Company)

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For the three and nine months ended November 30, 2015

(Expressed in Canadian Dollars – Unaudited)

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CREST PETROLEUM CORP.

(A Capital Pool Company)

Notice to Reader

For the three and nine months ended November 30, 2015

(Expressed in Canadian Dollars – Unaudited)

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

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 independent auditors have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditors.

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 the financial statements have not been reviewed by an auditor.

CREST PETROLEUM CORP.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	November 30, 2015	February 28, 2015
	\$	\$
ASSETS		
Current		
Cash	124,414	16,540
Prepaid expenses	1,494	3,111
TOTAL ASSETS	125,908	19,651
LIABILITIES		
Current		
Trade payables and accrued liabilities (Notes 3 and 5)	18,349	32,295
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 4)	692,508	532,836
Reserves (Note 4)	45,600	45,600
Accumulated deficit	(630,549)	(591,080)
	107,559	(12,644)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	125,908	19,651

Nature and continuance of operations (Note 1)

These condensed interim financial statements are authorized for issuance by the Board of Directors on January 29, 2016.

On behalf of the Board of Directors:

“Toby Pierce”
Director

“Richard Silas”
Director

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

CREST PETROLEUM CORP.**(A Capital Pool Company)**

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended November 30,		For the nine months ended November 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Expenses				
Bank charge and interest	28	85	135	315
Meals and entertainment	-	-	-	7,118
Office and general	214	511	6,325	1,395
Professional fees	2,851	31,300	23,651	248,114
Registration and filing fees	1,586	5,462	9,358	43,431
Travel and promotion	-	-	-	35,626
	<u>(4,679)</u>	<u>(37,358)</u>	<u>(39,469)</u>	<u>(335,999)</u>
Foreign exchange loss	-	(452)	-	(452)
Interest income	-	286	-	829
	<u>-</u>	<u>(166)</u>	<u>-</u>	<u>377</u>
Loss and comprehensive loss for the period	(4,679)	(37,524)	(39,469)	(335,622)
Basic and diluted loss per share	(0.00)	(0.02)	(0.01)	(0.17)
Weighted average number of common shares outstanding	4,750,000	2,000,000	3,517,273	2,000,000

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

CREST PETROLEUM CORP.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended November 30,	
	2015	2014
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(39,469)	(335,622)
Changes in non-cash working capital items		
Accounts receivable	-	1,177
Prepaid expenses	1,617	(3,111)
Trade payables and accrued liabilities	(13,946)	52,702
	<u>(51,798)</u>	<u>(284,854)</u>
Cash flow from financing activities		
Shares issued for cash	165,000	-
Share issuance costs	(5,328)	-
	<u>159,672</u>	<u>-</u>
Net change in cash	107,874	(284,854)
Cash, beginning of period	<u>16,540</u>	<u>360,918</u>
Cash, end of period	<u>124,414</u>	<u>76,064</u>

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

CREST PETROLEUM CORP.**(A Capital Pool Company)**

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital \$	Reserves \$	Accumulated Deficit \$	Total Shareholders' Equity (Deficiency) \$
Balance at February 28, 2014	2,000,000	532,836	45,600	(251,761)	326,675
Net loss for the period	-	-	-	(335,622)	(335,622)
Balance at November 30, 2014	2,000,000	532,836	45,600	(587,383)	(8,947)
Shares cancelled	(250,000)	-	-	-	-
Net loss for the period	-	-	-	(3,697)	(3,697)
Balance at February 28, 2015	1,750,000	532,836	45,600	(591,080)	(12,644)
Shares issued in private placement	3,000,000	165,000	-	-	165,000
Share issuance costs	-	(5,328)	-	-	(5,328)
Net loss for the period	-	-	-	(39,469)	(39,469)
Balance at November 30, 2015	4,750,000	692,508	45,600	(630,549)	107,559

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

CREST PETROLEUM CORP.**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three and nine months ended November 30, 2015

(Expressed in Canadian Dollars – Unaudited)

1. NATURE AND CONTINUANCE 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”), according to the TSX Venture Exchange (the “Exchange”).

The head office of the Company is located at Suite 610 - 815 West Hastings Street, Vancouver, British Columbia, V6C 1B4.

The Company’s principal activity is the identification, evaluation and negotiation for the acquisition of assets or a business (“Qualifying Transaction”) and thereby qualifies as a Tier 2 issuer on the Exchange. The Company has not commenced operations and has no significant assets other than cash.

As of October 7, 2014, the Company had not completed a Qualifying Transaction within the prescribed time frame and, therefore, the Company’s listing was transferred from the Exchange to the NEX trading board. The Company is presently listed and trading on the NEX under the symbol “CTP.H”. As at November 30, 2015, the Company has not yet completed a Qualifying Transaction.

Going concern

These condensed interim 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. As at November 30, 2015, the Company had incurred accumulated operating losses of \$630,549 and had working capital of \$107,559.

Management believes there are sufficient funds on hand to fund day-to-day operating expenses over the next twelve months and to continue the search for a Qualifying Transaction. However, additional financing will, in all likelihood, be required to fund the completion of a Qualifying Transaction which 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 condensed interim financial statements do not give effect to adjustments that would be necessary to the reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these condensed interim financial statements.

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

CREST PETROLEUM CORP.**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

For the three and nine months ended November 30, 2015

(Expressed in Canadian Dollars – Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Statement of compliance (continued)**

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the financial statements of the Company for the year ended February 28, 2015.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended February 28, 2015.

Basis of preparation

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.

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 and 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 income tax provisions and note disclosures. Actual results may differ from those estimates and judgments.

Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended November 30, 2015 and have not been applied in preparing these condensed interim financial statements:

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

CREST PETROLEUM CORP.**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements

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3. TRADE PAYABLES AND ACCRUED LIABILITIES

	November 30, 2015	February 28, 2015
	\$	\$
Trade payables	14,769	30,991
Accrued liabilities	2,276	-
Amounts due to related parties (Note 5)	1,304	1,304
	18,349	32,295

4. SHARE CAPITAL AND RESERVE**Authorized share capital**

Unlimited number of common shares without par value.

Escrow shares

As at November 30, 2015, the Company had 76,400 (February 28, 2015 – 76,400) shares held in escrow.

Issued share capital

In November 2014, the Company consolidated its common shares on a 1:5 basis. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation, unless otherwise indicated.

During the year ended February 28, 2015, 250,000 common shares were cancelled.

In June 2015, the Company closed a non-brokered private placement of 3,000,000 shares at a price of \$0.055 per share for gross proceeds of \$165,000 and incurred share issuance costs of \$5,328 in connection with this private placement.

Stock Options

There were no options granted during the nine months ended November 30, 2015.

A summary of the stock options outstanding and exercisable at November 30, 2015 is as follows:

Exercise price	Number outstanding and exercisable	Expiry date
\$		
0.50	100,000	June 26, 2022

The weighted average remaining life of the options outstanding at November 30, 2015 is 6.58 years.

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Notes to Condensed Interim Financial Statements

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5. RELATED PARTY TRANSACTIONS

As at November 30, 2015, the Company's total indebtedness to related parties for reimbursement of expenses amounted to \$1,304 (February 28, 2015 - \$1,304) which is included with trades payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

6. FINANCIAL INSTRUMENTS AND 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.

The fair value of the Company's trade payables and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

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 held in bank accounts. The Company has deposited its cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Trade payables and accrued liabilities are due within the current operating period. The Company has sufficient cash to settle current liabilities and has working capital of \$107,559.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

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 is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

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7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in Policy 2.4 and summarized below:

- 1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
- 2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;
- 3) No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate Qualifying Transaction;
- 4) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

As at November 30, 2015, the Company was in compliance with the above capital restrictions.

There were no changes in the Company's approach to capital management during the nine months ended November 30, 2015.