

Crest Petroleum Corp.

(A Capital Pool Company)

INTERIM FINANCIAL STATEMENTS

For the three and nine months ended November 30, 2014 and 2013

Expressed in Canadian Dollars

(unaudited)

NOTICE TO READER

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

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

The Company's independent auditor has not performed a review of these 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.

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

	Notes	November 30, 2014	February 28, 2014
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 76,064	\$ 360,918
Accounts receivable	6	-	1,177
Prepaid expenses		3,111	-
TOTAL ASSETS		\$ 79,175	\$ 362,095
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 88,122	\$ 35,420
TOTAL LIABILITIES		88,122	35,420
SHAREHOLDERS' EQUITY			
Share capital	4	532,836	532,836
Reserves	4	45,600	45,600
Deficit		(587,383)	(251,761)
TOTAL EQUITY		(8,947)	326,675
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 79,175	\$ 362,095

On behalf of the Board:

"Toby Pierce", Director

"James Greig", Director

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

	Notes	Nine month period ended November 30, 2014	Nine month period ended November 30, 2013	Three month period ended November 30, 2014	Three month period ended November 30, 2013
Expenses					
Bank charge and interest		\$ 315	\$ 271	\$ 85	\$ 190
Meals and entertainment		7,118	781	-	-
Office and general		1,395	4,596	511	606
Professional fees		248,114	21,671	31,300	4,473
Registration and filing fees		43,431	9,726	5,462	4,968
Travel expenses		35,626	9,733	-	1,930
		(335,999)	(46,778)	(37,358)	(12,167)
Other items					
Interest income		829	623	286	-
Foreign exchange loss		(452)	-	(452)	-
		(335,622)	(46,155)	(37,524)	(12,167)
Net and comprehensive loss for the period		(335,622)	(46,155)	(37,524)	(12,167)
Loss per share – basic and diluted		\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.00)

See accompanying notes to the financial statements

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

	Share Capital						
	Number of shares	Amount	Reserves	Share-issuance costs	Deficit	Total	
Balance at February 28, 2013	5,000,000	\$ 293,082	\$ 45,600	\$ -	\$ (134,424)	\$ 204,258	
Shares issued for cash	5,000,000	250,000	-	-	-	250,000	
Net loss for the period	-	-	-	-	(46,155)	(46,155)	
Balance at November 30, 2013	10,000,000	\$ 543,082	\$ 45,600	\$ -	\$ (180,579)	\$ 408,103	
Balance at February 28, 2014	10,000,000	\$ 600,000	\$ 45,600	\$ (67,164)	\$ (251,761)	\$ 326,675	
Shares cancelled	(1,250,000)	-	-	-	-	-	
Share rollback	(7,000,000)	-	-	-	-	-	
Net loss for the period	-	-	-	-	(335,622)	(335,622)	
Balance at November 30, 2014	1,750,000	\$ 600,000	\$ 45,600	\$ (67,164)	\$ (587,383)	\$ (8,947)	

See accompanying notes to the financial statements

Crest Petroleum Corp.
Interim Statements of Cash Flows
(Expressed in Canadian dollars – unaudited)
For the three and nine month periods ended November 30, 2014 and 2013

	Note	Nine month period ended November 30, 2014	Nine month period ended November 30, 2013	Three month period ended November 30, 2014	Three month period ended November 30, 2013
Operating activities					
Loss for the period		\$ (335,622)	\$ (46,155)	\$ (37,524)	\$ (12,167)
Changes in non-cash working capital items:					
Prepaid expenditures		(3,111)	-	(3,000)	-
Accounts payable and accrued liabilities	7	52,702	(17,908)	(2,877)	(804)
Accounts receivable	6	1,177	1,329	-	-
Net cash flows used in operating activities		(284,854)	(62,734)	(43,401)	(12,971)
Financing activities					
Issue of shares for cash		-	250,000	-	250,000
Net cash flows from financing activities		-	250,000	-	250,000
Increase (decrease) in cash and cash equivalents		(284,854)	187,266	(43,401)	237,029
Cash and cash equivalents, beginning		360,918	223,062	119,465	173,299
Cash and cash equivalents, ending		\$ 76,064	\$ 410,328	\$ 76,064	\$ 410,328

See accompanying notes to the financial statements

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. The Company is a Capital Pool Company (“CPC”), as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual. The head and registered office of the Company is located at 800 - 1199 West Hastings Street, Vancouver B.C., V6E 3T5.

The Company’s principal activity is the identification, evaluation and negotiation for the acquisition of assets or a business (“Qualifying Transaction”) subject to receipt of shareholder approval and acceptance by the regulatory authorities for the purpose of obtaining a listing on the Exchange and becoming an issuer. The Company has not commenced operations and has no significant assets other than cash.

Where an acquisition is warranted, additional funding may be required. The ability of the Company to fund its potential operations is dependent upon the ability of the Company to obtain additional funding.

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

On October 21, 2014, the Company planned to consolidate all of the issued and outstanding common shares of the company on up to a one-for-five basis. The share consolidation was subject to TSX Venture Exchange approval. Pursuant to a resolution passed by the directors on Nov. 7, 2014, Crest Petroleum Corp. has consolidated its capital on a 1:5 basis. The name of the company has not been changed.

Effective at the opening on Friday, Nov. 28, 2014, the common shares of Crest Petroleum commenced trading on the TSX Venture Exchange on a consolidated basis.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under Exchange policies, at which time, the Exchange may suspend or delist the Company’s shares from trading.

These financial statements were approved and authorized for issuance by the Board of Directors of Crest Petroleum Corp. on January 28, 2015.

2. Significant accounting policies and basis of preparation

These financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and have been prepared using accounting policies 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, 2014, using the significant accounting policies outlined below.

2. Significant accounting policies and basis of preparation (cont'd)

a) 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 unless otherwise noted.

b) 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 determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of future tax assets and liabilities. Actual results may differ from those estimates and judgments.

c) Deferred financing costs

Deferred financing costs relate directly to the proposed issuance of common shares by the Company. The costs will reduce the carrying value for financial statement purposes for those shares when issued by the Company. Upon completion of the financing, the deferred transaction and financing costs incurred will be charged against share capital.

d) Share capital

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

e) 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 period. For the period 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 period.

2. Significant accounting policies and basis of preparation (cont'd)

f) 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 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 profit or 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.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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.

2. Significant accounting policies and basis of preparation (cont'd)

g) Cash and cash equivalents

Cash and cash equivalents include 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. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses, for future acquisition, with the exception that a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for the purposes other than evaluating businesses or assets. These restrictions apply until the completion of a Qualifying Transaction by the Company, as defined under the policies of the Exchange, and except as otherwise provided in the policies of the Exchange.

h) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are 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 income 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.

Future income tax:

Future income tax is provided using the balance sheet 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 future income 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 future income tax asset to be utilized.

Future income 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.

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

3. Accounting standards issued but not yet effective

Newly adopted accounting policies

Effective March 1, 2013, the Company has adopted the following new standards and amendments as issued by the IASB. Adoption of these new standards and amendments has had no measurement or disclosure impact on the Company's financial statements.

- i) IFRS 10, "Consolidated Financial Statements" replaces the guidance in IAS 27 "Consolidated and Separate Financial Statements". The new standard provides a single model to be applied in the control analysis for all investees, eliminating the current risk and rewards approach.
- ii) IFRS 11, "Joint Arrangements" replaces the guidance in IAS 31. "Interests in Joint Ventures" and establishes criteria for classification of joint arrangements as either joint operations or joint ventures. The new standard mandates equity-method accounting for joint ventures; these entities no longer have a choice between proportionate consolidation and equity accounting. An entity's interest in a joint operation, where the parties have rights to the assets and obligations for the liabilities, is to be accounted for on the basis of the entity's interest in the assets, liabilities, revenues and expenses of the operation. The relationships are accounted for as joint operations similar to jointly controlled assets or operations under IAS 31.
- iii) IFRS 12, "Disclosure of Interest in Other Entities" provides the required disclosures for entities that have interests in subsidiaries or joint arrangements. Disclosure requirements under the new standard aim to provide information that will assist financial statement users in their understanding of the nature, risks, and financial effects of an interest in other entities.
- iv) IFRS 13, "Fair Value Measurement" provides a single source of fair value measurement guidance by replacing the guidance contained in other IFRSs. The new standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. IFRS 13 also establishes a framework for measurement of fair value and requires disclosures that allow users to evaluate fair value methodology and the inputs used.
- v) IFRS 7, "Financial Instruments: Disclosures" was amended to provide additional guidance on disclosure of financial assets and financial liabilities in the statement of financial position.

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) IFRIC 21, "Levies" provides guidance on accounting for levies in accordance with the requirements of IAS 37. Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and states that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The Company intends to adopt IFRIC 21 in its financial statements for the annual period beginning March 1, 2015.

3. Accounting standards issued but not yet effective (cont'd)

Recent pronouncements issued (cont'd)

- ii) 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.

4. Share capital

Authorized share capital

Unlimited number of common shares, without par value.

Issued share capital

At November 30, 2014 there were 1,750,000 issued and fully paid common shares.

During the nine months ended November 30, 2014, 382,000 shares were held in escrow.

Pursuant to a resolution passed by the directors on Nov. 7, 2014, Crest Petroleum Corp. has consolidated its capital on a 1:5 basis. Effective at the opening on Friday, Nov. 28, 2014, the common shares of Crest Petroleum will commence trading on the TSX Venture Exchange on a consolidated basis.

On October 23, 2013, the Company completed a private placement which consisted of 5,000,000 common shares at a price of \$0.05 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.

On June 26, 2012, the Company completed its IPO that consisted of 2,000,000 common shares of the Company at a price of \$0.10 each for aggregate gross proceeds of \$200,000. On completion, the agent was paid an 8% cash commission. On closing, the Company also paid the agent's expenses relating to the completion of the IPO including reasonable fees and disbursements of its legal counsel and searches as well as corporate finance fees totaling \$10,000 paid in cash. The Company granted the agent an option to acquire up to 160,000 common shares of the Company at \$0.10 per share for a two year period up until and including June 26, 2014. In connection with the IPO, the Company had recognized issuance costs that included cash payments totaling \$48,518.

Options

During the year ending February 28, 2013, the Company granted 500,000 options with an exercise price of \$0.10 and a contractual life of 10 years to Directors of the Company and share-based compensation expense of \$37,200 was recorded. There were no options previously outstanding. 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%.

4. Share capital (cont'd)

Options (cont'd)

The weighted average remaining contractual life of the options outstanding at November 30, 2014 is 7.58 years (February 28, 2014 - 8.33).

Warrants

A summary of share purchase warrants activity for the nine month period from February 28, 2014 to November 30, 2014 is as follows:

	Number of warrants	Exercise Price
Balance, February 28, 2014	160,000	\$0.10
Issued	-	-
Expired	(160,000)	\$0.10
Balance, November 30, 2014	-	

5. Cash and cash equivalents

The components of cash are as follows:

	November 30, 2014	February 28, 2014
Cash at bank	\$ 76,064	\$ 210,918
Short-term investment (guaranteed investment certificate)	-	150,000
	\$ 76,064	\$ 360,918

6. Accounts receivable

Receivables consist of interest receivable.

7. Accounts payable and accrued liabilities

	November 30, 2014	February 28, 2014
Accounts payable	\$ 86,818	\$ 24,457
Amounts due to related parties	1,304	10,963
	\$ 88,122	\$ 35,420

8. Related party transactions

There were no related party transactions during the three and nine month periods ended November 30, 2014 and November 30, 2013.

9. 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 held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution 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. 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 period ended November 30, 2014, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As at November 30, 2014, all of the Company's non-derivative financial liabilities are due within one year.

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 of three types of risk: interest rate risk, currency risk, and other price risk. The Company is primarily exposed to interest rate 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 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.

9. Financial risk management (cont'd)

Market risk (cont'd)

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:

	November 30, 2014	February 28, 2014
Cash	\$ 76,064	\$ 210,918
Short-term investments (guaranteed investment certificate)	-	150,000
Loans and receivables:		
Receivables	-	1,177
	\$ 76,064	\$ 362,095

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

	November 30, 2014	February 28, 2014
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 88,122	\$ 35,420
	\$ 88,122	\$ 35,420

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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.

10. Capital management

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 considers its capital structure to include Shareholders' equity, debt and working capital. 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 not subject to any external financial covenants.

11. Subsequent events

There were no subsequent events.