GFG Resources Inc.
(formerly Crest Petroleum Corp.)

Condensed Interim Financial Statements
For the three and six months ended August 31, 2016 and 2015
(Expressed in Canadian Dollars – Unaudited)

GFG RESOURCES INC.
(formerly Crest Petroleum Corp.)
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For the three and six months ended August 31, 2016
(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.

GFG RESOURCES INC.
(formerly Crest Petroleum Corp.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	August 31, 2016	February 29, 2016
	$	$
ASSETS		
Current		
Cash	92,521	104,807
Prepaid expenses	1,049	8,218
TOTAL ASSETS	93,570	113,025
LIABILITIES		
Current		
Trade payables and accrued liabilities (Note 3)	19,231	15,111
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	692,508	692,508
Reserves (Note 4)	45,600	45,600
Accumulated deficit	(663,769)	(640,194)
	74,339	97,914
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	93,570	113,025

Nature and continuance of operations (Note 1)
Subsequent event (Note 7)

These condensed interim financial statements are authorized for issuance by the Board of Directors on October 31, 2016.

On behalf of the Board of Directors:

"Patrick Downey"	"Jonathan Awde"
Director	Director

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

GFG RESOURCES INC.
(formerly Crest Petroleum Corp.)
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended August 31,		For the six months ended August 31,	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Expenses				
Bank charges and interest	130	68	151	107
Office and general	-	-	-	6,111
Professional fees	8,499	13,974	9,999	20,800
Registration and filing fees	11,241	5,634	13,425	7,772
Loss and comprehensive loss for the period	(19,870)	(19,676)	(23,575)	(34,790)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding	4,750,000	4,065,217	4,750,000	2,907,609

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

GFG RESOURCES INC.
(formerly Crest Petroleum Corp.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the six months ended August 31,	
	2016	**2015**
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(23,575)	(34,790)
Changes in non-cash working capital items		
Prepaid expenses	7,169	2,183
Trade payables and accrued liabilities	4,120	(4,880)
	(12,286)	(37,487)
Cash flow from financing activity		
Shares issued for cash	-	165,000
Net change in cash	(12,286)	127,513
Cash, beginning of period	104,807	16,540
Cash, end of period	92,521	144,053
Non-cash transaction:		
Share issuance costs in trade payables and accrued liabilities	-	5,328

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

GFG RESOURCES INC.
(formerly Crest Petroleum Corp.)
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, 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	-	-	-	(34,790)	(34,790)
Balance at August 31, 2015	**4,750,000**	**692,508**	**45,600**	**(625,870)**	**112,238**
Net loss for the period	-	-	-	(14,324)	(14,324)
Balance at February 29, 2016	**4,750,000**	**692,508**	**45,600**	**(640,194)**	**97,914**
Net loss for the period	-	-	-	(23,575)	(23,575)
Balance at August 31, 2016	**4,750,000**	**692,508**	**45,600**	**(663,769)**	**74,339**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

GFG Resources Inc. (formerly 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 was located at Suite 610 - 815 West Hastings Street, Vancouver, British Columbia, V6C 1B4.

The Company's principal activity was the identification, evaluation and negotiation of the acquisition of assets or a business ("Qualifying Transaction"). The Company had not commenced operations and had no significant assets other than cash.

In September 2016, the Company entered into an arrangement agreement regarding the completion of a Qualifying Transaction and in October 2016, the Company completed the arrangement agreement and received final acceptance of the Qualifying Transaction by the Exchange (Note 7). The Company then changed its name to GFG Resources Inc. and began trading under the symbol "V.GFG". In addition, the address of the new head office changed to Suite 202 – 640, Broadway Avenue, Saskatoon, Saskatchewan, S7N 1A9.

Going concern

These condensed interim financial statements have been prepared assuming 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 is not expected to continue operations for the foreseeable future. As at August 31, 2016, the Company had incurred accumulated operating losses of $663,769 and had working capital of $74,339.

The Company's continuation as a going concern is dependent upon the successful acquisition of resource properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current working capital, proceeds from exercise of options and further private placements.

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").

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 29, 2016.

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 29, 2016.

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.

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 six months ended August 31, 2016 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.

(Expressed in Canadian Dollars – Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet effective (continued)

IFRS 15 – Revenue from Contracts with Customers: On May 28, 2014, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year. Earlier application is permitted. The Company is currently analyzing the impact, if any, that the adoption of this standard will have on its financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is currently assessing the impact of this new standard on its 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.

3. TRADE PAYABLES AND ACCRUED LIABILITIES

	August 31, 2016	**February 29, 2016**
	$	**$**
Trade payables	17,231	6,611
Accrued liabilities	2,000	8,500
	19,231	**15,111**

4. SHARE CAPITAL AND RESERVE

Authorized share capital

Unlimited number of common shares without par value.

Escrow shares

As at August 31, 2016, the Company had 382,000 (February 29, 2016 – 382,000) shares held in escrow.

Issued share capital

In June 2015, the Company closed a non-brokered private placement of 3,000,000 common 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.

(Expressed in Canadian Dollars – Unaudited)

4. SHARE CAPITAL AND RESERVE (continued)

Stock Options

There was no option activity during the six months ended August 31, 2016 or year ended February 29, 2016. A summary of the stock options outstanding and exercisable at August 31, 2016 is as follows:

Exercise price	Number outstanding and exercisable	Expiry date
$		
0.50	40,000	June 26, 2022

The weighted average remaining life of the options outstanding at August 31, 2016 is 5.82 years.

5. 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 and the Company has sufficient cash to settle current these liabilities. The Company has working capital of $74,339; thus, the liquidity risk is assessed as low.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 significant 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. The risk of loss is low.

6. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

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 will issue new equity if available on favorable terms and approved by the TSX-V.

7. SUBSEQUENT EVENT

In September 2016, Crest Petroleum Corp. entered into an arrangement agreement ("Arrangement") with GFG Resources Inc. ("GFG Resources") to acquire 100% of the issued and outstanding shares of GFG Resources ("GFG Shares"), a private British Columbia mineral company, in exchange for shares of Crest Petroleum Corp. which would result in a reverse take-over of Crest Petroleum Corp. by the shareholders of GFG Resources (the "Transaction"). The Transaction would constitute Crest Petroleum Corp.'s completion of its Qualifying Transaction.

Pursuant to the terms of the Agreement, the shareholders of GFG (the "GFG Shareholders") would exchange all GFG Shares for common shares of Crest Petroleum Corp. on a one for one basis. Likewise, all outstanding GFG stock options would also be exchanged for stock options of Crest Petroleum Corp. on a one for one basis.

7. SUBSEQUENT EVENT (continued)

In October 2016, the Transaction was completed after receipt of shareholder and regulatory approvals. As a result of the closing of the Transaction, the following events occurred:

a. Crest Petroleum Corp. acquired, on a one for one basis, all of the issued and outstanding shares of GFG in exchange for a total of 38,503,483 common shares (the "Crest Shares") of which 6,545,576 Crest Shares are subject to escrow restrictions over a period of three years and 3,260,960 Crest Shares are subject to trading restrictions over a period of three years. The remaining 28,696,947 Crest Shares are subject to a mandatory pooling restriction of which 25% are immediately free-trading and the remaining 75% are subject to a six month hold period.
b. All of the existing directors of Crest Petroleum Corp. resigned and were replaced by nominees of GFG Resources.
c. Upon receiving final acceptance from the Exchange, Crest Petroleum Corp. changed its name to GFG Resources Inc. and began trading on the Exchange as a Tier 2 Mining Issuer under the symbol "V.GFG".