WESCAN ENERGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2015 AND 2014

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
WesCan Energy Corp.

We have audited the accompanying consolidated financial statements of WesCan Energy Corp. which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of WesCan Energy Corp. as at March 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of WesCan Energy Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 28, 2015

WesCan Energy Corp.
Consolidated Statements of Financial Position
As at March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	March 31, 2015 $	March 31, 2014 $
ASSETS		
Current assets		
Cash and cash equivalents	131,419	139,359
Trade and other receivables (Note 4)	15,812	6,153
Prepaid expenses and deposits	1,500	5,200
Total current assets	148,731	150,712
Non-current assets		
Oil and gas properties (Note 5)	1,084	6,203
Exploration and evaluation assets (Note 6)	-	13,557
Office equipment (Note 7)	2,979	4,967
Total non-current assets	4,063	24,727
TOTAL ASSETS	152,794	175,439
LIABILITIES AND DEFICIENCY		
Current liabilities		
Trade and other payables	194,261	234,940
Payable to related parties (Note 8)	31,526	45,693
Payable to former related parties (Note 8)	286,296	284,357
Loans payable (Note 9)	248,333	240,181
Current portion of decommissioning liabilities (Note 10)	60,448	86,400
Total current liabilities	820,864	891,571
Non-current liabilities		
Decommissioning liabilities (Note 10)	63,030	83,074
Total liabilities	883,894	974,645
Deficiency		
Share capital (Note 11)	12,899,689	12,402,939
Equity reserves (Note 11)	1,538,240	1,538,240
Deficit	(15,169,029)	(14,740,385)
Total deficiency	(731,100)	(799,206)
TOTAL LIABILITIES AND DEFICIENCY	152,794	175,439

Going concern (Note 1)
Subsequent events (Note 17)

Approved and authorized for issue on behalf of the Board on July 28, 2015:

"Greg Busby"	**"Richard D. Orman"**
Greg Busby, Director	Richard D. Orman, Director

WesCan Energy Corp.
Consolidated Statements of Comprehensive Loss
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	March 31, 2015	March 31, 2014
	$	$
Petroleum and natural gas sales	45,221	36,212
Less: royalties	(1,876)	(2,199)
Revenues, net of royalties	43,345	34,013
Operating costs	31,609	27,104
Depletion and accretion	2,978	3,308
	34,587	30,412
Income from oil and gas operations	8,758	3,601
Expenses		
General and administrative (Notes 7, 8, 16)	411,316	374,387
Share-based payments (Note 11)	-	75,162
	411,316	449,549
Net loss from operating activities	**(402,558)**	**(445,948)**
Other income (expenses)		
Finance and interest expense	(7,928)	(15,476)
Foreign exchange gain	1,544	-
Bad debt expense	-	(1,835)
Gain on derecognition of accounts payable	-	55,885
Gain on debt settlement	-	42,974
Gain on derecognition of decommissioning liabilities (Note 10)	-	85,368
Gain on re-estimation of decommissioning liabilities (Note 10)	43,855	-
Impairment of exploration and evaluation assets (Note 6)	(13,557)	(136,033)
Impairment of oil and gas properties (Note 5)	-	(2,970)
Write-off of acquisition deposit (Note 5)	(50,000)	-
	(26,086)	27,913
Net loss and comprehensive loss	**(428,644)**	**(418,035)**
Basic and diluted loss per share	$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding	21,228,877	10,647,836

WesCan Energy Corp.
Consolidated Statements of Changes in Deficiency
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

March 31, 2015

	Share Capital				
	Number of Shares	Amount $	Equity Reserves $	Deficit $	Total $
Balance at March 31, 2014	13,420,658	12,402,939	1,538,240	(14,740,385)	(799,206)
Shares issued for private placement	8,333,333	500,000	-	-	500,000
Share issue costs	-	(3,250)	-	-	(3,250)
Net loss for the year	-	-	-	(428,644)	(428,644)
Balance at March 31, 2015	21,753,991	12,899,689	1,538,240	(15,169,029)	(731,100)

March 31, 2014

	Share Capital				
	Number of Shares	Amount $	Equity Reserves $	Deficit $	Total $
Balance at March 31, 2013	4,831,666	11,953,092	1,463,078	(14,322,350)	(906,180)
Shares issued for private placement	8,302,602	435,886	-	-	435,886
Share issued for debt settlement	286,390	21,029	-	-	21,029
Share issue costs	-	(7,068)	-	-	(7,068)
Share-based payments	-	-	75,162	-	75,162
Net loss for the year	-	-	-	(418,035)	(418,035)
Balance at March 31, 2014	13,420,658	12,402,939	1,538,240	(14,740,385)	(799,206)

WesCan Energy Corp.
Consolidated Statements of Cash Flows
For the years ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

	March 31, 2015	March 31, 2014
	$	$
Operating activities		
Net loss	(428,644)	(418,035)
Non-cash items:		
Depletion	1,258	2,334
Depreciation	1,988	994
Accretion	1,720	974
Bad debt expense	-	1,835
Gain on derecognition of accounts payable	-	(55,885)
Gain on debt settlement	-	(42,974)
Interest expense	10,091	15,476
Share-based payments	-	75,162
Gain on derecognition of decommissioning liabilities	-	(85,368)
Gain on re-estimation of decommissioning liabilities	(43,855)	-
Write-off of deposit	50,000	-
Impairment of exploration and evaluation assets	13,557	136,033
Impairment of oil and gas properties	-	2,970
	(393,885)	(366,484)
Change in non-cash working capital items:		
(Increase) decrease in trade and other receivables	(9,659)	5,540
(Increase) decrease in prepaid expenses and deposit	3,700	(5,200)
Decrease in trade and other payables	(40,679)	(6,589)
Net cash used in operating activities	(440,523)	(372,733)
Investing activities		
Purchase of office equipment	-	(5,961)
Deposit for acquisition of oil and gas properties	(50,000)	-
Expenditures on exploration and evaluation assets	-	(115,067)
Net cash used in investing activities	(50,000)	(121,028)
Financing activities		
Proceeds from issuance of common shares	500,000	435,886
Share issue costs	(3,250)	(7,068)
Loans repaid	-	(5,081)
Amounts received, net of payments, from related parties	(14,167)	460
Net cash provided by financing activities	482,583	424,197
Change in cash and cash equivalents	(7,940)	(69,564)
Cash and cash equivalents, beginning of year	139,359	208,923
Cash and cash equivalents, end of year	**131,419**	**139,359**
Supplemental cash flow information		
Debt settled through share issuances	-	57,278
Re-estimation of decomissioning liability	(47,716)	(14,799)
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Cash and cash equivalents consists of:		
Cash	12,419	139,359
Guaranteed investments certificates	119,000	-
	131,419	139,359

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

1. REPORTING ENTITY AND GOING CONCERN

Reporting entity

WesCan Energy Corp. ("WesCan" or the "Company") changed its name from Great Pacific International Inc. effective October 4, 2012. WesCan was incorporated on November 4, 1993 under the Business Corporations Act (Alberta), Canada. WesCan is a junior public resource company in the business of oil and gas exploration and development with oil and gas operations and property interests in Alberta, Canada and Texas, U.S.A. The common shares of WesCan trade on the TSX Venture Exchange ("TSX-V") under the symbol WCE. The Company's registered office is located at Suite 1000, Livingston Place West, 250-2nd St. S.W., Calgary, Alberta, Canada T2P 0C1 and its mailing address is Suite 2500, 520 – 5th Avenue S.W., Calgary, Alberta T2P 3R7.

Going concern

These consolidated 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 assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

At March 31, 2015 the Company has a working capital deficiency of $672,133 and an accumulated deficit of $15,169,029 since inception, and is not yet generating positive cash flow from operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, external financing will be required in order for the Company to continue as a going concern. In order to continue as a going concern, meet property payment, participation and lease obligations, discharge all liabilities, and meet all commitments the Company will need to raise additional funds through equity financing during the next fiscal year. Subsequent to March 31, 2015, the Company raised $1,100,000 in financing through the issuance of promissory notes and acquired certain oil petroleum and natural gas rights in east-central Alberta (see Note 17(a) and (b)).

Furthermore, the Company will require additional financing to carry out the petroleum exploration and development required to offset production declines, increase oil and gas reserves and achieve a self-sustaining level of revenue. Management is actively pursuing new financings; however, there can be no assurance that it will be able to raise sufficient funds on acceptable terms. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. BASIS OF PRESENTATION

Basis of presentation

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2015.

b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for share-based payment transactions and financial instruments, which are measured at fair value, as explained in Note 3.

c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PRESENTATION (Cont'd)

d) Significant accounting estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments

Determination of cash-generating units ("CGU")
Property and equipment are aggregated into CGUs based on their ability to generate largely independent cash flows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment.

Deferred taxes
The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between accounting and tax bases of assets and liabilities.

Exploration and evaluation assets
Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment and the measuring of the recoverable amount when impairment tests have been prepared involve judgment.

Going concern
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Significant estimates and assumptions

Reserves
Amounts recorded for depreciation, depletion and amortization and amounts used for impairment calculations are based on estimates of oil and natural gas reserves. By their nature, the estimates of reserves, including the estimates of future prices, costs, discount rates and the related future cash flows are subject to measurement uncertainty.

Decommissioning liabilities
The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require estimates regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs, and liability specific discount rates to determine the present value of these cash flows.

Share-based compensation
Compensation costs accrued for share-based compensation plans are subject to the estimation of what the ultimate cost will be using pricing models such as the Black-Scholes Option Pricing Model which is based on significant assumptions such as the future volatility of the market price of the Company's shares and the expected term of the issued stock option.

2. BASIS OF PRESENTATION (Cont'd)

d) Significant accounting estimates and judgments (Cont'd)

Recoverability of assets

The Company assesses impairment on its assets that are subject to amortization when it has determined that a potential indicator of impairment exists. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Company used the calculation of fair value less costs to sell to determine the fair value of its CGU's. In determining the fair value less costs to sell, the amount is most sensitive to the selection and use of recent transactions, comparable data in the market and applied weighted average to that data, to determine an implied fair value of the CGU being tested. The cash flow estimates for impairment assessments require assumptions and estimates about the following primary elements – future prices, future operating and development costs, remaining recoverable reserves and discount rates.

Provision for doubtful accounts

The provision for doubtful accounts is reviewed by management on a monthly basis. Trade receivables are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Company's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the oil and natural gas industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities controlled by WesCan. Control exists when WesCan has the power to, directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible, are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to WesCan. They are deconsolidated from the date on which control ceases.

The consolidated financial statements as at March 31, 2015 and 2014 include the assets, liabilities, revenues and expenses of WesCan and its wholly-owned subsidiaries: GPI Oil & Gas Inc., GPI Oil and Gas Overseas Inc. and GPI Petroleum Inc.

Details of controlled entities are as follows:

		Percentage owned *	
	Country of Incorporation	**March 31, 2015**	**March 31, 2014**
GPI Oil & Gas Inc.	Canada	100%	100%
GPI Oil and Gas Overseas Inc.	Canada	100%	100%
GPI Petroleum Inc.	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash in banks, term deposits, certificates of deposit and all other highly liquid investments at the time of purchase.

Joint arrangements

Several of the Company's exploration and evaluation and oil and natural gas activities involve joint arrangements. Although the Company does not have joint control in these arrangements, it does have rights to the related assets and obligations for the related liabilities. Therefore, the Company has accounted for its interests in these arrangements as joint operations. These consolidated financial statements include the Company's proportionate interest in these joint arrangements and its proportionate share of the relevant revenue and related costs. Refer to Note 5 and Note 6 for further information on the Company's proportionate interest in joint arrangements.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rate in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Exchange differences arising on translation of foreign operations are recognized in profit or loss.

Exploration and evaluation assets

All costs directly associated with the exploration and evaluation of oil and natural gas reserves are initially capitalized on an area-by-area basis. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include unproved property acquisition costs, geological and geophysical costs, decommissioning liabilities, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to profit or loss as exploration and evaluation expense.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to oil and gas properties after determining that the assets are not impaired (see "Impairment of exploration and evaluation assets and oil and gas properties" below). All of the Company's exploration and evaluation assets are intangible assets.

Gains and losses on disposal of an item of exploration and evaluation assets are determined by comparing the proceeds from disposal with the carrying amount of exploration and evaluation assets and are recognized in profit or loss.

Impairment of exploration and evaluation assets and oil and gas properties

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication of impairment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to profit or loss as impairment losses. Exploration and evaluation assets are tested for impairment when reclassified to oil and gas properties or if facts and circumstances indicate potential impairment. Oil and gas assets are tested separately for impairment. An impairment loss is recognized for the amount by which the exploration and evaluation asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less costs to sell and their value in use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of exploration and evaluation assets and oil and gas properties (Cont'd)

Oil and gas properties are tested for impairment if circumstances indicate potential impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash–generating-unit ("CGU") exceeds its recoverable amount. The recoverable amount of assets is the greater of an asset's fair value less the cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses are recognized in profit or loss. An assessment is made at each financial position reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there is an indication that there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, however, the increased amount can not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Oil and gas properties

All costs directly associated with the development of oil and natural gas reserves are capitalized on an area-by-area basis. Development costs include expenditures for areas where technical feasibility and commercial viability has been determined. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss. These costs include proved property acquisitions, development drilling, completion, gathering and infrastructure, cost of decommissioning obligations, and transfers of exploration and evaluation assets.

For divestitures of properties, a gain or loss is recognized in profit or loss. Exchanges of properties are measured at fair value, unless the fair value can not be reliably measured. Where the exchange is measured at fair value, a gain or loss is recognized in profit or loss.

Depreciation, depletion and amortization ("DD&A")

The net carrying value of oil and natural gas properties is depleted on an area-by-area basis using a unit-of-production method by reference to the ratio of production in the year to the related proven and probable reserves. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with approved future development expenditures required to develop reserves. Proven and probable reserves are estimated using independent engineer reserve reports in accordance with National Instrument 51-101 and represent the estimated quantities of crude oil and natural gas which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years.

Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of management's best estimate of future restoration costs arising from the decommissioning is capitalized to exploration and evaluation assets and oil and gas properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other oil and gas assets. The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Decommissioning liabilities (Cont'd)

timing of future expenditures. These changes in estimates are recorded directly to oil and gas assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value due to the passage of time are charged to profit and loss for the period as a borrowing cost with a corresponding entry to the restoration provision. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets and oil and gas properties.

Revenue recognition

Revenue from the sale of oil and natural gas is recognized when the significant risks and rewards of ownership have been transferred, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control, the amount of revenue and costs to be incurred in respect of the transaction can be measured reliably and it is probable that economic benefits will flow to the Company, which is normally when legal title passes to the customer. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue is measured net of royalties, discounts and customs duties.

Revenue derived from the production and sale of oil and natural gas in which the Company has an interest with other producers is recognized based on the Company's working interest and the terms of the relevant production sharing contracts. The costs associated with the delivery, including operating and maintenance costs, transportation and production based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

Share-based payment transactions

The Company's incentive stock option plan allows for the grant of options to employees, consultants and directors when the number of shares that may be purchased under that option grant and all previously granted options, does not exceed 10% of the issued and outstanding share capital at the date of grant. The exercise price of options granted will be no less than the minimum prescribed price as determined by the TSX-V. The maximum term of options is 10 years. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of options granted is recognized as an expense with a corresponding increase in the equity reserves.

For employees, the fair value of each tranche of options is measured at grant date and recognized on a straight-line basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions under which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Compensation expense on stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance or the date the options are vested based on the fair value of services provided, or the fair value of the equity instrument issued, if it is determined the fair value of goods or services cannot be reliably measured.

At each consolidated statement of financial position date, the entity revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing earnings (loss) attributable to common shareholders of the company by the weighted average shares outstanding, increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Segment reporting

The Company operates in a single reporting segment, oil and gas exploration and production. The Company's oil and gas property assets relate to two countries, Canada and the USA.

Financial Instruments

All financial instruments are initially recorded at fair value and classified into one of four categories: Financial assets at fair value through profit or loss ("FVTPL") – Cash and cash equivalents; Loans and receivables - Trade and other receivables; Other financial liabilities - Trade and other payables, loans payable, and balances payable to current and former related parties; and Available-for-sale - None. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and receivables are initially recognized at the fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

Derecognition of financial assets

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been negatively impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Income tax

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

New accounting standards

The mandatory adoption of the following new and revised accounting standards on April 1, 2014 had no significant impact on the Company's consolidated financial statements for the years presented.

IAS 32, *Financial Instruments: Presentation:* In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement.

IAS 36, *Impairment of Assets:* In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when and asset's or a CGU's recoverable amount is based on fair value less costs of disposal.

IFRIC 21, *Levies:* In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New accounting standards issued but not yet effective

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements:

New accounting standards to be adopted April 1, 2016

IAS 1, *Presentation of Financial Statements:* In December 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial statements by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

IAS 16, *Property, Plant and Equipment* and **IAS 38**, *Intangible Assets:* In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards to be adopted April 1, 2017

IFRS 15, *Revenue from Contracts with Customers:* In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New accounting standards to be adopted April 1, 2018

IFRS 9, *Financial Instruments:* The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments.

4. TRADE AND OTHER RECEIVABLES

Amounts presented as trade and other receivables consist of the following balances:

	March 31, 2015	March 31, 2014
	$	$
Net revenue receivable from oil and gas property operators	5,957	1,581
Oil and gas property expenditures incurred on behalf of joint interest partners	208	208
Goods and services tax recoverable	8,196	4,364
Other receivables	1,451	-
Total	**15,812**	**6,153**

5. OIL AND GAS PROPERTIES

	Canada	USA	Total
Cost	$	$	$
As at March 31, 2013	115,867	9,542	125,409
Change in decommissioning liabilities (Note 10)	(14,799)	-	(14,799)
As at March 31, 2014	101,068	9,542	110,610
Change in decommissioning liabilities (Note 10)	(3,861)	-	(3,861)
As at March 31, 2015	**97,207**	**9,542**	**106,749**

	Canada	USA	Total
Depletion and impairment	$	$	$
As at March 31, 2013	(90,645)	(8,458)	(99,103)
Depletion	(2,334)	-	(2,334)
Impairment charge	(2,970)	-	(2,970)
As at March 31, 2014	(95,949)	(8,458)	(104,407)
Depletion	(1,258)	-	(1,258)
As at March 31, 2015	**(97,207)**	**(8,458)**	**(105,665)**

	Canada	USA	Total
Net book value	$	$	$
As at March 31, 2013	25,222	1,084	26,306
As at March 31, 2014	5,119	1,084	6,203
As at March 31, 2015	**-**	**1,084**	**1,084**

Canada

Equisetum Wells / Peerless Lake

The Company holds a 36% working interest in four wells at Equisetum / Peerless Lake Alberta. The Operator of these wells was placed into receivership in 2012. In 2014 two of these wells were subsequently purchased from this Operator of which one well is currently in production and other well is currently shut-in. During the year ended March 31, 2015, the Company recorded a change in decommissioning liabilities charge of $10,882 related to the shut-in well.

Wildmere

In January of 2011, GPI Oil & Gas Inc. (“GPI”), entered into a Joint Operating Agreement (“JOA”) with a private company to drill two wells at Wildmere, Alberta. Subsequent to the drilling of these wells and prior to earning-in under the Farm-in Agreement between the private company and the Farmor, the private company declared insolvency in November 2011. GPI attempted to enter into a new arrangement to sell its interest in the leases upon which the wells were drilled, including the related decommissioning obligations, and the Company received a $15,000 deposit, however, the agreement was not successful.

During the year ended March 31, 2015, the Company paid a $50,000 non-refundable deposit on a proposed acquisition of oil and gas properties. The Company decided to subsequently abandon the proposed acquisition and wrote-off the deposit in the current fiscal year.

USA

Sedna-Nicko Well

In the fiscal year ended March 31, 2008, the Company acquired, for cash consideration of $32,166, a non-operated minority working interest of 3.67% in a producing natural gas lease in Arkansas, USA.

6. EXPLORATION AND EVALUATION ASSETS

	Canada $	USA $	Total $
As at March 31, 2013	34,090	-	34,090
Exploration and development expenditures	115,500	-	115,500
Impairment charge	(136,033)	-	(136,033)
As at March 31, 2014	13,557	-	13,557
Impairment charge	(13,557)	-	(13,557)
As at March 31, 2015	**-**	**-**	**-**

Canada

Undeveloped Land - Alberta

At March 31, 2015, the Company holds certain petroleum and natural gas (“P&NG”) leases from the Crown throughout Alberta. These undeveloped, non-producing leases are exploration lands and have no reserves assigned to them. They include the following:

Sawn Lake/Red Earth

The Company holds a 50% working interest in a P&NG lease near the Sawn Lake/Red Earth area of northern Alberta with Penn West Petroleum Ltd. (Penn West) as the Company’s joint venture partner. Penn West acquired their interest and operatorship by conducting a 3D seismic program in 2011 over the Company’s Lands.

The Company also holds a 100% interest in other P&NG leases in the Sawn Lake/Red Earth area as well as a number of other PN&G lease interests in other areas of Alberta. During the year ended March 31, 2015, the Company recorded an impairment charge of $13,557 as the Company does not plan to renew its PN&G leases.

7. OFFICE EQUIPMENT

	Total $
As at March 31, 2013	-
Addition	5,961
As at March 31, 2014	5,961
Addition	-
As at March 31, 2015	**5,961**
Accumulated depreciation	
As at March 31, 2013	-
Accumulated depreciation	(994)
As at March 31, 2014	(994)
Accumulated depreciation	(1,988)
As at March 31, 2015	**(2,982)**
Net book value	
As at March 31, 2013	-
As at March 31, 2014	4,967
As at March 31, 2015	**2,979**

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions and balances entered into during the years ended March 31, 2015 and 2014 not disclosed elsewhere in these consolidated financial statements are as follows:

Key management compensation

The Company has identified its directors and certain senior officers as it key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

	March 31, 2015	March 31, 2014
	$	**$**
Management fees	165,000	165,000
Consulting fees	-	15,400
Share-based payments	-	66,518
Total	**165,000**	**246,918**

Payable to related parties

Balances due to related parties consists of amounts owing to officers, directors (or to persons related to them or companies controlled by them) for services, travel expenses, and advances. These amounts are non-interest bearing, unsecured and due on demand, unless otherwise noted.

	March 31, 2015	March 31, 2014
	$	$
Related party payable for services	**31,526**	**45,693**

Payable to former related parties

Balances due to former related parties consists of amounts owing to former officers, directors (or to persons related to them or companies controlled by them) for services, travel expenses, and advances. These amounts are non-interest bearing or bear insignificant amounts of interest, unsecured and due on demand, unless otherwise noted.

	March 31, 2015	March 31, 2014
	$	$
Related party payable for services	232,266	232,266
Related party payable for travel	18,939	18,939
Loans from related parties	35,091	33,152
Total	**286,296**	**284,357**

9. LOANS PAYABLE

At March 31, 2015, the Company has short-term loans owing to unrelated parties in the amount of $248,333 (2014 – $240,181). These amounts are due on demand, bear interest rates up to 10% per annum and are unsecured.

10. DECOMISSIONING LIABILITIES

The following table presents the reconciliation of the opening and closing aggregate carrying amounts of the decommissioning liabilities associated with the oil and gas assets:

	March 31, 2015 $	March 31, 2014 $
Balance, beginning of the year	169,474	268,667
Accretion	1,720	974
Change in estimates (Note 5)	(47,716)	(14,799)
Liabilities derecognized	-	(85,368)
Balance, end of year	123,478	169,474
Less: current portion	(60,448)	(86,400)
Long-term portion	**63,030**	**83,074**

During the year ended March 31, 2015, there was a change in estimate that resulted in a $47,716 decrease (2014 - $14,799) to decommissioning liabilities, of which $3,861 (2014 - $14,799) was recorded to reduce the cost of oil and gas properties and $43,855 (2014 - $nil) was recorded as a gain on the statement of comprehensive loss.

11. SHARE CAPITAL

Shares authorized, issued and outstanding at March 31, 2015 are as follows:

a) Authorized

An unlimited number of common shares without par value
An unlimited number of preferred shares without par value

b) Issued

See consolidated statement of changes in deficiency.

(i) On July 23, 2013, the Company completed a non-brokered private placement, issuing 8,302,602 units at $0.0525 per unit for total proceeds of $435,886 and incurring share issue costs of $7,068. Each unit consists of one common share and one-half of a share purchase warrant of the Company. Each full warrant is exercisable into one common share at $0.10 per share on or before July 23, 2015. Refer to Note 17(c).

(ii) On November 15, 2013, the Company completed shares for debt settlements, issuing 286,390 common shares with an estimated fair value of $21,029 for debt settlement with a face value of $57,278 resulting in a gain on debt settlement of $36,249.

(iii) On April 23, 2014, the Company completed a non-brokered private placement, issuing 8,333,333 units at $0.06 per unit for gross proceeds of $500,000 and incurring share issue costs of $3,250. Each unit consists of one common share and one-half of a share purchase warrant of the Company. Each full warrant is exercisable into one common share at $0.10 per share on or before April 23, 2016.

c) Equity reserves

Equity reserve items are recognized as share-based payment expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

11. SHARE CAPITAL (Cont'd)

d) Share Purchase Warrants

A summary of share purchase warrants issued and exercised in the years ended March 31, 2015 and 2014 is as follows:

	March 31, 2015		March 31, 2014	
	Number of warrants	Weighted Average Exercise Price per warrant $	Number of warrants	Weighted Average Exercise Price per warrant $
Balance, beginning of year	4,151,301	0.10	-	-
Issued	4,166,667	0.10	4,151,301	0.10
Balance, outstanding and exercisable, end of year	**8,317,968**	**0.10**	**4,151,301**	**0.10**

A summary of warrants outstanding and exercisable at March 31, 2015 is as follows:

Weighted Average Exercise Price	Date of Grant	Expiry Date	Outstanding	Exercisable	Weighted Average Remaining Life
$ 0.10	July 23, 2013	July 23, 2015	4,151,301	4,151,301	0.31
$ 0.10	April 23, 2014	April 23, 2016	4,166,667	4,166,667	1.07
$ 0.10			**8,317,968**	**8,317,968**	**0.69**

A total of 4,151,301 warrants expired subsequent to year end unexercised (see Note 17).

e) Stock options

The Company established a stock option plan in the year ended March 31, 2006 (revised in fiscal 2010) under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to officers, directors, regular employees and persons providing investor-relations or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed 10 years from the grant date. The stock options vest immediately on the date of the grant or over a period of time as determined by the Board of Directors.

11. SHARE CAPITAL (Cont'd)

e) Stock options (Cont'd)

A summary of share purchase options cancelled, granted and exercised in the years ended March 31, 2015 and 2014 is as follows:

	March 31, 2015		March 31, 2014	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance, beginning of year	1,307,500	0.07	7,500	2.33
Granted	-	-	1,300,000	0.06
Balance, end of year	**1,307,500**	**0.07**	**1,307,500**	**0.07**

A summary of stock options outstanding and exercisable at March 31, 2015 is as follows:

Exercise Price		Date of Grant	Expiry Date	Outstanding	Exercisable	Weighted Average Remaining Life
$	0.06	October 24, 2013	October 24, 2018	1,300,000	1,300,000	3.57
$	3.00	January 28, 2011	January 28, 2016	2,500	2,500	0.83
$	2.00	December 30, 2010	December 1, 2015	5,000	5,000	0.67
$	**0.07**			**1,307,500**	**1,307,500**	**3.55**

The weighted average grant date fair value of options granted during the year ended March 31, 2014 was $0.06. The Company recognized $nil (2014 – $75,162) for the vested portion of stock options which has been recorded in equity reserves and charged to profit or loss. The fair values were determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Year ended March 31, 2015	Year ended March 31, 2014
Expected life of options	-	5 years
Annualized volatility	-	186%
Risk-free interest rate	-	1.71%
Dividend rate	-	0%
Share price on grant date	-	$ 0.06
Exercise price	-	$ 0.06

f) Per share data

The diluted earnings per share calculation include the impact of all warrants and stock options outstanding during the year. At March 31, 2015, all warrants and stock options have been excluded from the calculation of diluted shares outstanding as they would be anti-dilutive.

12. INCOME TAXES

A reconciliation of income taxes (recovery) at Canadian statutory rates with the requested taxes (recovery) is as follows:

	Year ended	Year ended
	March 31, 2015	March 31, 2014
	$	$
Loss for the year	(428,644)	(418,035)
	25.00%	25.00%
Expected income tax recovery at statutory rates	(107,161)	(104,509)
Other differences	(966)	10,514
Permanent differences	1,168	(28,019)
Expiry of losses	279,790	-
Change in deferred income tax assets not recognized	(172,831)	122,014
Total income tax recovery	-	-

The significant components of the Company’s potential deferred income tax assets are as follows:

	March 31, 2015	March 31, 2014
	$	$
Deferred income tax assets attributable to:		
Equipment and vehicles	15,426	14,929
Share issue costs	2,360	8,598
Decommissioning liabilities	30,870	42,369
Oil and gas properties	958,075	953,406
Non-capital losses available for future periods	1,351,813	1,512,073
	2,358,544	2,531,375
Deferred income tax assets not recognized	(2,358,544)	(2,531,375)
Net deferred income tax assets	-	-

As at March 31, 2015, the Company has non-capital losses carried forward of $5,265,876 (2014 – $5,906,917) which are available to offset future years’ taxable income. These losses expire as follows:

	$
2026	369,274
2027	648,811
2028	324,501
2029	845,837
2030	517,654
2031	538,903
2032	454,544
2033	542,278
2034	545,956
2035	478,118
	5,265,876

The potential income tax benefits relating to deferred income tax assets have not been recognized in the consolidated financial statements as their realization does not meet the requirement of probable under the liability method of tax allocation.

13. SEGEMENTED INFORMATION

The Company operates in a single reporting segment, being oil and gas production and exploration. The Company's oil and gas property interests relate to two geographic segments, Canada and the USA. Set out below is segmented information on a geographic basis.

	Year ended March 31, 2015			Year ended March 31, 2014		
	Canada	USA	Total	Canada	USA	Total
	$	$	$	$	$	$
Oil and gas revenue, net of royalties	38,789	4,556	43,345	29,904	4,109	34,013
Operating costs	(30,768)	(841)	(31,609)	(26,300)	(804)	(27,104)
Depletion and accretion	(2,978)	-	(2,978)	(3,308)	-	(3,308)
	5,043	**3,715**	**8,758**	**296**	**3,305**	**3,601**

Refer to Notes 5 and 6 for geographic disclosures relating to long-lived assets.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including credit risk, capital market risk and liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

Financial instruments, consisting of trade and other receivables, trade and other payables, balances payable to related parties and former related parties, and loans payable, are recorded at amortized cost. Cash and cash equivalents are recorded at fair value. All of the fair value items are transacted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

		March 31, 2015		March 31, 2014	
	Financial instrument classification	Carrying Value	Fair Value	Carrying Value	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	Fair value through profit or loss	131,419	131,419	139,359	139,359
Trade and other receivables	Loans and receivables	7,616	7,616	1,789	1,789
Financial liabilities					
Trade and other payables	Other financial liabilities	194,261	194,261	234,940	234,940
Payable to related parties	Other financial liabilities	31,526	31,526	45,693	45,693
Payable to former related parties	Other financial liabilities	286,296	286,296	284,357	284,357
Loans payable	Other financial liabilities	248,333	248,333	240,181	240,181

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy as following:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

14. FINANCIAL INSTRUMENTS (Cont'd)

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assets measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as of March 31, 2015 are as follows:

	Balance at March 31, 2015	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		$	$	$	$
Assets:					
Cash and cash equivalents	131,419	131,419	-	-	131,419

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is attributable to cash and cash equivalents and trade and other receivables. Cash and cash equivalents are held in demand accounts at a Canadian chartered bank. The Company does not believe it is subject to any significant counterparty risk with respect to cash and cash equivalents.

Trade receivables typically arise from normal joint operating arrangements governing the Company's producing oil and gas properties, and from cost-recovery billings. Credit valuations are performed on a regular basis and the consolidated financial statements take into account any requirement for an allowance for bad debts.

The carrying amount of trade and other receivables and cash and cash equivalents represents the maximum credit exposure. The Company has an allowance for doubtful accounts of $10,160 as at March 31, 2015 (2014 – $10,160).

Capital market risk and 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. The Company faces material liquidity risk in that it has approximately $194,000 in accounts payable which are overdue at March 31, 2015, a working capital deficiency of $698,085 and insufficient cash on hand to satisfy those debts should they be demanded.

Historically, 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.

14. FINANCIAL INSTRUMENTS (Cont'd)

Contractual undiscounted cash flow requirements for contractual obligations as at March 31, 2015 are due as follows:

	Due in 1-3 months	Due in 4-12 months	Due in 1-2 years	Due in >2 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	194,261	-	-	-	194,261
Payable to related parties	31,526	-	-	-	31,526
Payable to former related parties	286,296	-	-	-	286,296
Loans payable	248,333	-	-	-	248,333
	760,416	**-**	**-**	**-**	**760,416**

Interest rate risk

The Company's loans payable bear interest at a fixed rate. The Company does not believe its overall exposure to interest rate risk is significant and a 1% change in the interest rate would have an insignificant effect on net loss and comprehensive loss.

Commodity price risk

The Company is exposed to material oil and gas commodity price risk. A relative decrease in the price of oil and gas would reduce the Company's cash flows, reduce the realizable market value of the Company's oil and gas assets, reduce the Company's economic reserves, and make it more difficult for the Company to raise the equity capital required to meet its commitments and carry out its development-stage business plans. Management has assessed that the Company's degree of exposure to commodity price risk is material, but consistent with the development stage oil and gas business operations.

The Company's operational results and financial position are materially impacted by global financial and commodity market volatility over which it has no control. The following sensitivity analysis is suggestive of ways in which the financial results of the Company may reasonably be expected to be directly impacted by volatility in those markets:

(i) The Company is not exposed to significant foreign currency risk on its US dollar denominated assets and financial liabilities. At March 31, 2015, the Canadian dollar cost of paying the Company's US dollar denominated liabilities and property payment commitments would increase by approximately $nil with a 1% increase in the value of the US dollar relative to the Canadian dollar.

(ii) Oil and gas revenues would not be significantly impacted by changes in oil and natural gas prices. As at March 31, 2015 for a 1% increase/decrease in the price of oil and gas, revenue would increase/decrease by approximately $10 per quarter based upon March 2015 prices and volumes.

Commodity price risk affects the Company beyond its impact on realized revenue. In particular, the Company's future ability to raise capital for development stage activities is affected by, among many other factors, the price of oil and gas. Furthermore, changes in commodity prices will also affect the price of oil and gas leases, as well as exploration and drilling services and operating costs. Changes in oil and gas prices will also determine the Company's ultimate recoverable reserves.

Foreign exchange risk

The Company currently generates approximately 10% of its gross revenue from a natural gas well in the USA with a carrying value of $1,084. Oil and gas tend to be priced in US dollars therefore a decrease in the value of the US dollar would have an immaterial impact on the results of operations.

15. CAPITAL MANAGEMENT

The primary capital management objective of the Company is to ensure adequate working capital is available to fund both the board-approved business development plans (i.e. oil and gas exploration and development), and the working capital requirements of each annual operating cycle, while also seeking to minimize the risk-adjusted cost of capital.

Capital is raised and retained for the purposes and to the extent necessary to fund exploration and corporate overhead costs, subject to the availability of financing on acceptable terms. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of its planned exploration activities and management's assessment of the expected availability of acceptably priced capital in future periods.

The Company defines capital as shareholders' equity. As the Company's major asset class – oil and gas properties without significant production – is highly illiquid, requiring significant additional expenditures to be fully monetized, and as the Company is not yet earning net income from oil and gas operations, management of externally financed working capital is, by necessity, a major function of the Company's capital management program. The chief source of working capital is equity financing obtained through the sale of common shares and share purchase warrants, and the exercise of warrants and options. The Company from time to time receives loans from related and unrelated parties and trade credit, but such financial instruments are typically only supplementary to equity financings. In any case, the Company does not consider debt to be a sustainable source of capital, as in the absence of positive cash flows from operations; any debt obtained must be retired with funds raised through equity financing.

The Company's capital management plan seeks to ensure adequate resources are available to fund its activities through the balance of the current fiscal year. A significant measure used in assessing capital adequacy is thus the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the balance of the annual exploration season and development goals and fund corporate overhead expenses in the near term. The Company lacks sufficient capital to carry out development or fund its corporate overhead expenses through the year ended March 31, 2016. Management must seek one or more equity financings to finance activities in the future periods. Additional capital raised will be invested primarily in oil and gas exploration and development activities.

Financing, and thus capital spending on exploration, will generally be limited to the extent that capital is available on acceptable terms. The acceptability of financing terms is generally determined by reference to the prevailing market price of the Company's shares. The terms on which the Company obtains financings are furthermore subject to the guidelines of the TSX-V.

The Company is not subject to material externally imposed capital constraints.

16. EMPLOYEE BENEFITS

Employee benefits included in general and administrative expenses are as follows:

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Salaries	165,000	49,500
Other employee benefits	2,794	3,442
Total	**167,794**	**52,942**

17. SUBSEQUENT EVENTS

a) On April 20, 2015, the Company entered into an agreement (the "Agreement") with Alston Energy Inc. ("Alston") through Alston's court appointed receiver, Alvarez & Marsal Canada Inc. ("Alvarez"), to acquire a 100% working interest in certain petroleum and natural gas rights located in east-central Alberta. The total cash consideration for the acquisition was $1,240,000 which was fully paid by the Company to Alvarez between April and May 2015. The Agreement was approved by the courts and the TSX-V on May 15, 2015 and May 25, 2015 respectively and the acquisition was completed on May 25, 2015. Pursuant to the terms of the Agreement, the Company also assumed all decommissioning liabilities associated with the petroleum and natural gas rights purchased. The acquisition was financed through a combination of existing cash and a series of short-term promissory notes issued subsequent to March 31, 2015 (see Note 17(b)).

   The Company's main reason for completing this acquisition is to acquire additional oil production capacity.

   In management's judgment, the assets acquired meet the definition of a business under IFRS 3, *Business Combinations*. As at July 28, 2015, the initial accounting for the business combination is incomplete and therefore no further disclosures have been made in these consolidated financial statements as it was determined to be impracticable. In particular, the determination of the fair market value of the assets acquired and liabilities assumed, including the fair value of decommissioning provisions, is not yet complete.

b) On May 22, 2015, the Company issued short-term promissory notes (the "Notes") with a principal amount of $1,100,000. The Notes are unsecured, bear interest at 7% per annum and are due on July 21, 2015. At the option of the noteholders, the principal and interest outstanding may be converted into common shares of the Company under terms and conditions agreed upon between the noteholders and the Company. As at July 28, 2015, the Notes have not yet been repaid or converted into common shares of the Company.

c) On July 23, 2015, a total of 4,151,301 share purchase warrants expired unexercised. Refer to Note 11(d).