

McChip Resources Inc.

*Management's Discussion and Analysis
For the quarter ended March 31, 2015*

Introduction

This Management's Discussion and Analysis ("MD&A") dated May 26, 2015 relates to the financial condition and results of McChip Resources Inc. ("McChip" or "the Company"), and should be read in conjunction with the condensed financial statements and the notes thereto for the period ended March 31, 2015. Historical results, including trends, which might appear on the preceding, should not be taken as indicative of future results. The Company's common shares are listed on the TSX Venture Exchange, symbol MCS and its reporting currency is the Canadian dollar. The financial data contained in this discussion and analysis is in compliance with *International Financial Reporting Standards ("IFRS")*.

McChip is a Canadian controlled corporation engaged in the natural resource industry. It was incorporated in the Province of Ontario, by letters patent dated March 8, 1935, as Madsen Red Lake Gold Mines Limited. Pursuant to Articles of Amendment dated May 21, 1981, the name of the Company was changed to McChip Resources Inc. The registered office and mailing address of the Company is Suite 1214, 120 Adelaide Street West, Toronto, Ontario, Canada, M5H 1T1.

McChip invests in petroleum interests in Western Canada, as well as direct and indirect interests in minerals. The indirect interests are in the form of marketable securities and investment in other companies which are listed on recognized exchanges.

Additional information relating to McChip Resources Inc. has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com.

The condensed financial statements and the notes thereto have been prepared under principles applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking statements and "forward-looking information" under applicable Canadian securities laws. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "believe", "plan", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate", or the negative thereof or variations thereon or similar terminology concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the company. Without limitation, statements about the Company's plans and intentions with regard to their continuing investment in petroleum interests and future prices and developments thereof, their purchase and sale of marketable securities and investments in other companies, and the lease agreement, and unit agreement signed by other contiguous land owners, with Potash Corporation of Saskatchewan ("PCS") who have the right to mine potash from McChip's mineral leases located in the Rocanville area of the Province of Saskatchewan for the payment of royalties to McChip.

Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral and petroleum reserves and resources, the realization of mineral and petroleum reserve and resource estimates, prices of minerals and oil and gas, the timing and amount of future exploration expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing, environmental costs, and material costs, pertaining to its mining leases that have been optioned to PCS, and non-operator interests in petroleum investments, the receipt of necessary regulatory approvals, and assumptions with respect to environmental risks, title disputes or claims, and other similar matters. While management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. See "Risks and Uncertainties", "Financial Instruments", and "Outlook" sections of this MD&A.

Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the securities of the Company should not place undue reliance on these forward-looking statements.

We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws and that the forward-looking statements contained in this MD&A are made as of the date hereof.

Evaluation of Disclosure, Internal Controls, and Procedures

Disclosure Controls and procedures

Disclosure, controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to the various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), so that timely decisions can be made regarding disclosure.

The Company's management, under the supervision of, and with the participation of, the CEO and the CFO, have designed and evaluated the Company's disclosure controls and procedures as defined in their signed certification of annual and interim filings venture issuer basic certificate. Based on this evaluation, the CEO and the CFO have concluded that, as of the date of this MD&A, the Company's disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Designing, establishing and maintaining adequate internal control over financial reporting is the responsibility of the Company's management. Internal control over financial reporting is a process designed by, or under the supervision of management, and affected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's condensed financial statements in conformity with IFRS. These controls include policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately reflect transactions pertaining to its assets; provide reasonable assurance that all transactions are recorded to permit the preparation of its condensed financial statements and that expenditures are being made only in accordance with authorizations by management of the Company, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its condensed financial statements. Management is responsible for establishing and maintaining internal control over financial reporting and has designed and implemented such controls to ensure that the required objectives of these internal controls have been met. The management of the Company applied its judgement in evaluating the cost-benefit relationship to controls and procedures. The result of which was, because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Minor control deficiencies have been identified within the Company's accounting and/or finance departments and its financial information systems over segregation of duties and user access respectively. Specifically, as is common for companies of this size, certain duties within the accounting and/or finance departments were not adequately segregated due to the limited number of individuals employed in these areas. At the present time, the CEO and CFO oversee all material transactions and related accounting records. The audit committee reviews the condensed financial statements in detail, the key risks of the Company, and queries management about all significant transactions.

For the period covered by this MD&A there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Summary of Quarterly Results

The summary for each of the eight most recently completed quarters is as follows:

For the quarter ended \$000's (except per share)	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Total revenue (loss)	275	(301)	144	100	389	(139)	(668)	(1,494)
Net income (loss)	122	(656)	37	(37)	216	(1,741)	(660)	(1,546)
Income (loss) per share basic and diluted	0.02	(0.12)	0.01	(0.01)	0.04	(0.31)	(0.12)	(0.27)
Total assets	3,994	3,771	4,334	4,249	4,820	4,582	6,120	6,990

This data is derived from the Company's condensed financial statements.

Executive Compensation

The compensation committee is responsible for making recommendations to the Board of Directors with respect to the compensation of the executive officers of the Company as, among other things, with respect to the Stock Option Plan and any other employee benefits and/or plans. The Board of Directors reviews such recommendations and gives final approval.

The executive officers receive a base salary and fees for management services performed.

Financial Highlights of Operations

Period ended March 31, 2015

The Company recorded net income of \$121,954 for the period ended March 31, 2015 compared to net income of \$216,300 in 2014, a decrease of \$94,346 in the net income. The significant items that contributed to the changes were a \$996 decrease in investment income and a \$75,678 decrease in the unrealized appreciation of investments in other companies and marketable securities. Other items include a decrease in petroleum interest revenue of \$111,784, an increase in other income of \$95, an increase in royalty income of \$74,253, a decrease in administrative and depreciation expenses of \$980, and a decrease in income taxes of \$18,784.

Dividend

The Company paid a dividend of \$0.05 per common share, aggregating \$283,005 on June 19, 2014 to shareholders of record June 5, 2014.

Related Party Transactions

Included in accounts receivable as at March 31, 2015 is an amount due from a related company that has a common director and officer in the amount of \$32,544 (December 31, 2014 - \$20,826). The amount receivable was the result of the Company's investment in petroleum interests which is in the normal course of its business.

Mr. McCloskey is President, CEO and Director of Boanne Investments Limited, ("Boanne") and the Company, Mr. Dumond is the Corporate Secretary of Boanne; CFO, Corporate Secretary and Director of the Company.

Included in accounts receivable as at March 31, 2015, is an amount due from Mr. McCloskey, a management executive and Director the Company in the amount of \$4,210 (December 31, 2014 - \$3,511). The amounts receivable is the result of the Company's investment in petroleum interests which is in the normal course of its business.

Related party expenses paid to Messrs. McCloskey and Dumond, management executives and Directors of the Company, during the period ended March 31, 2015 in the normal course of business, for consulting and management fees amounted to \$15,003 (2014 - \$15,003). Administrative fees were paid to a related party in the amount of \$722 for the period ended March 31, 2015 (2014 - \$2,672).

A recovery for office lease expenses from Matachewan Consolidated Mines, Limited ("Matachewan") a related party, for the period ended March 31, 2015 \$6,000 (2014 - \$6,000) was credited to administrative expenses. Matachewan is a shareholder of the Company. Messrs. McCloskey and Dumond serve as management executives and Directors of Matachewan and the Company.

Liquidity and Capital Resources

The global economy continues to be turbulent and unpredictable, and forecasting future trends is both challenging and uncertain. Management adjusts and readjusts strategies to meet the challenges presented in these unsettled economic conditions confronting the Company.

The Company presently derives its revenue from investment in petroleum interests, investment in marketable securities, investment in other companies and royalties from potash leases.

Working capital decreased by \$45,062 to \$713,263 at March 31, 2015 compared to \$758,325 at December 31, 2014. The

decrease was related to a decrease in cash of \$50,650, an increase in accounts receivable of \$82,538, an increase in marketable securities of \$8,566, an increase in loans payable of \$37,390, an increase in accounts payable and accrued liabilities of \$43,670 and an increase in income taxes payable of \$4,456.

McChip's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities as they come due and have sufficient working capital to fund operations for the ensuing fiscal year.

Cash Flow used in Operating Activities

The Company recorded net income of \$121,954 for the period ended March 31, 2015. When decreased for non-cash items by \$104,567 and decreased for changes in working capital items by \$34,412, represented cash used in operating activities of \$17,025.

Cash Flow used in Investing Activities

During the quarter ended March 31, 2015, investing activities used net cash of \$71,015. The net cash used by investing activities was effected by the purchase of marketable securities of \$36,490, an increase in the investment in other companies of \$1,094 and an increase in the investments in petroleum interests of \$33,431.

Cash Flow provided by Financing Activities

Financing activities generated cash of \$37,390 during the quarter ended March 31, 2015. The Company generated cash by increasing its loans payable by \$37,390.

Share Capital

Shareholders' equity at March 31, 2015 was \$3,323,111 compared to \$3,201,157 at December 31, 2014, an increase of \$121,954, a result in net income during the period.

The Company's share capital was comprised of the following as at March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Authorized: Unlimited number of common shares		
Issued:		
Common shares	5,660,096	5,660,096

The following table sets out the common shares and stock options outstanding as at March 31, 2015:

	March 31, 2015
Common shares	5,660,096
Stock options	400,000
	6,060,096

Stock options issued and outstanding have an exercise price of \$2.20 and expire on August 31, 2016.

Please refer to Notes 10 and 12 to the Company's condensed financial statements dated March 31, 2015 for further information regarding share capital.

Contributed Surplus

The contributed surplus of the Company at March 31, 2015 and December 31, 2014 was \$755,200. These amounts are related to stock options that have been granted or exercised on the company's common shares.

Risks and Uncertainties

An investment in the securities of the Company is subject to a number of risks. In addition to the other information contained in the MD&A and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's business prospects or financial condition.

Investment in Petroleum Interests

The price fluctuations for oil and natural gas together with the barrels of oil equivalent produced will affect the revenue reported by the Company for investment in petroleum interests.

The operator of the Company's oil and gas participations, Signalta Resources Limited ("Signalta") reports that the current low natural gas price environment continues to challenge all operators' investment abilities. Fundamentally Signalta believes in the potential for superior rates of returns in the oil and gas business over the medium to long term. The strategy is to continue to reposition holdings during this challenging portion of the cycle. Above average assets that present themselves in these difficult periods generally have the staying power to benefit from a sizeable upswing in gas prices in the future.

In reviewing the performance of our investments with Signalta over a thirty year period through many cycles of varying magnitude, it is fair to say that large advances of our values have resulted from continued investment throughout difficult periods such as we have experienced in the recent years.

McChip has elected to invest in the 2015 Signalta oil and gas program.

Saskatchewan Potash Project, Province of Saskatchewan, Canada

The Company is the registered holder of a 100% working interest in 4,147 acres and a 50% working interest in 240 acres in the Rocanville Area, being in Townships 17 and 18, Range 32 and 33, wlm, located in south eastern Saskatchewan.

The Company signed a lease agreement effective September 19, 2008, with Potash Corporation of Saskatchewan Inc. ("PCS") granting PCS the right to mine potash from the Company's mineral leases in the Rocanville area.

The advance royalty was totally recovered by royalties earned on the production of development ore and additional royalty income of \$5,508 was recorded during 2013. For the period ended March 31, 2015 the Company recorded royalty income of \$128,314.

Based on production and price expectations the Company anticipates that this royalty will have a long term positive impact on income.

Marketable Securities and Investment in other companies

The Company's investments are predominately represented by shares of natural resource based companies listed on a recognized exchange. The Company uses this method to get exposure to resource opportunities that normally would not be available to it.

The period ended March 31, 2015, reflected a decrease in net investment income of \$76,674 compared to 2014. Contributing factors were a decrease in net income from sale of marketable securities of \$996 and a decrease in the unrealized appreciation of investments in other companies and marketable securities of \$75,678 which was attributed to both the change in market values and in investment portfolio holdings when comparing 2015 to 2014.

The Company's long position in marketable securities and investment in other companies had a combined fair value of \$1,855,599 at March 31, 2015 (December 31, 2014 - \$1,696,693) an increase of \$158,906.

Capitalization and Dilution

The Company currently has sufficient cash flow to meet its obligations as they come due. The Company's historical capital expenditure and operating needs have been generated internally from its investment in petroleum interests, marketable securities, and investment in other companies. It is anticipated that future royalties from its potash acreage will contribute significantly to the Company's cash flow. If the Company required major funding in the form of debt and/or equity there is no assurance that additional funding would be available. The terms of any additional funding obtained by the Company could result in substantial dilution to the present shareholders of McChip.

Future Profitability

The Company presently derives its revenue from investment in petroleum interests, investment in marketable securities, investment in other companies and royalties from potash leases.

Outlook

The Company will continue to implement the following strategies:

- remain in the natural resource industry
- continue to report on the benefits derived from the development of its potash leases. The resultant royalties could influence the future earnings of McChip, depending on the price of potash and the quantities produced
- participate in low-risk natural resource ventures, directly or indirectly, using operators having proven track records with additional development opportunities
- continue to invest in petroleum interests operated by Signalta
- continue to selectively invest in marketable securities and invest in other companies that are predominately natural resource based

Other Information**Contractual Obligations**

The Company has the following contractual obligation:

Effective February 8, 2011 the Company entered into a five year lease agreement for office space commencing July 1, 2011, expiring June 30, 2016. The Company is committed to annual lease payments of \$30,720 plus operating costs. By agreement, an annual subsidy of \$21,462 for the term of the lease less one year has been received from a third party.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Going Concern

Management has prepared its condensed financial statements using accounting principles applicable to a going concern which assumes continuity of operations, realization of assets and settlement of liabilities in the normal course of business. Should the going concern assumption no longer be valid, adjustments would be required to the carrying values of assets and liabilities and to the reported expenses, and statements of financial position classifications.

Critical Accounting Policies

The condensed financial statements are reported in Canadian dollars, and they may include management's estimates and assumptions that affect amounts reported in the condensed financial statements and accompanying notes. If estimates and assumptions were made, actual results could differ from these estimates and assumptions. The condensed financial statements have been prepared using careful judgment within the significant accounting policies summarized below.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) for the period by the weighted average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently are not included in the income per share calculation. Diluted income per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, warrants and other similar instruments outstanding that may add to the total number of common shares.

Income taxes

The Company accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is included in profit or loss. Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable profit for the years in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are not discounted.

The tax expense includes current and deferred tax. This expense is recognized in profit or loss, except for income tax related to the components of other comprehensive income (loss) or of equity, in which case the tax expense is recognized in other comprehensive income or equity respectively.

Current income tax assets and liabilities are obligations or claims for the current and prior periods to be recovered from (or paid to) taxation authorities that are still outstanding at the end of the reporting period. Current tax is computed on the basis of tax profit (loss) which differs from net profit (loss). This calculation is made using tax rates and laws enacted at the end of the reporting period.

On the statements of financial position all deferred tax assets and liabilities must be classified as non-current under IFRS.

Accounting for share-based compensation

The Company has adopted IFRS 2, *Share Based Payment*, for the recognition, measurement, and disclosure of share-based compensation. The Company's options vest on granting therefore, compensation expense is recognized at that time, with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Share-based compensation calculations have no effect on the Company's cash position.

Use of estimates

The preparation of the condensed financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the condensed financial statements and the reported amount of expenses during the period. These estimates are reviewed periodically, and as adjustments become necessary they are made in the period in which they become known. Actual results could differ from these estimates.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2012. Many are not applicable or do not have a significant impact on the Company and have been excluded from the table below. The following have been, and/or will be adopted as at the effective date listed:

	<u>Effective for Company</u>
IFRS 9, <i>Financial Instruments</i>	January 1, 2018
IFRS 10, <i>Consolidated financial statements</i>	January 1, 2013
IFRS 11, <i>Joint Arrangements</i>	January 1, 2013
IFRS 12, <i>Disclosure of Interests in Other Entities</i>	January 1, 2013
IFRS 13, <i>Fair Value Measurement</i>	January 1, 2013
Amendments to IAS1, <i>Presentation of financial statements</i>	January 1, 2013

- (i) IFRS 9 *Financial Instruments* was issued by the IASB in October 2010 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date of a mandatory adoption of IFRS 9 is January 1, 2018.
- (ii) In May, 2014, the IASB issued IFRS 15, *Revenue* ("IFRS 15"). The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on/after January 1, 2017 and is to be applied using the retrospective or the modified transition approach.

Capital disclosures

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and the risk characteristics of its underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the Company.

The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable considering the nature and relative size of the Company.

There were no changes in the Company's approach to capital management during this reporting period.

Commitments

The Company is committed to an office space lease for a term of five years commencing July 1, 2011, expiring June 30, 2016. The Company is committed to annual lease payments of \$30,720 plus operating costs.

Investment in petroleum interests

This investment represents participation agreements with Signalta, a Canadian controlled private company and other similar operators based in Calgary, Alberta. As this investment represents residual interests it has been considered as an investment in equity interests. Typically, the Company's proportionate share of specific yearly investment programs would range from less than 1% to 1%. The Company, by agreement, does not exercise joint control or significant influence over Signalta, as operator of the petroleum participations.

Accordingly, this investment has been classified as an available for sale financial instrument. As this investment has no quoted market price in active markets, it is recorded at cost, unless there is an impairment that is considered to be other than temporary. This investment is legally held by Boanne, a Canadian private company which is a related party that owns approximately 22.8% of the Company.

Financial Instruments

The Company's financial risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is attributable to accounts receivable, certain investment in other company and due from related parties. In the opinion of management the credit risk with respect to these instruments is low.

Liquidity risk

The Company's approach to managing its liquidity risk is to ensure that it has sufficient liquidity to meet its liabilities when they come due. The Company, as at March 31, 2015 had cash in the amount of \$149,040, accounts receivable of \$174,156 and marketable securities having a fair value of \$857,498 which aggregates to \$1,180,694 available to settle its current liabilities of \$467,431.

Interest rate risk

The Company has a bank credit facility for short term working capital purposes and loans to supplement its investment strategies. The facility exposes the Company to interest rates risk which fluctuates in accordance with market rates.

Foreign currency risk

The Company is exposed to foreign currency risk. This would be in conjunction with its investments in currency of the United States of America. This is a negligible part of the Company's business and with the amount of foreign currency involved management considers the foreign currency risk to be low.

Price risk

The Company is exposed to price risk. The volatility of prices received for the oil and natural gas produced by the operator on behalf of the Company's petroleum interests would affect the net revenue received. The value of the Company's marketable securities and investment in other companies are carried at fair value. The value of these investments would be affected by increases and decreases in the share prices recorded for them on the respective stock exchanges and thus exposes the Company to a marketable securities and investment price risk.

Public trading risk

The public trading market for the Company's common shares is the TSX Venture Exchange symbol MCS. Various factors including economic conditions could cause significant fluctuations in the price and volume of trading in the Company's common shares.

Sensitivity analysis

Based on its knowledge and experience of the financial markets, management of the Company believes the following movements are "reasonably possible" over a one year period:

Cash and cash equivalents are in cash only at the present time. Given the low current prevailing interest rates on short term investments, downward sensitivity is not meaningful. If the cash was in interest bearing deposits and a sensitivity of plus or minus 0.5% change in rates were applied over the period ended March 31, 2015, there would not be a significant effect on the Company's net income.

As at March 31, 2015, had the prices on the respective stock exchanges for marketable securities and publicly held investments in other companies raised or lowered by 5%, with all other variables held constant, the equity of the Company would have increased or decreased by \$80,280 (December 31, 2014 - \$72,335).

Fair value of financial instruments

All of the Company's financial instruments have been classified into one of the following five categories: fair value through profit or loss assets or liabilities ("FVPTL"), held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included as income or loss in the period in which they arise. Available-for-sale financial instrument, investment in petroleum interests, has no quoted market value in active markets and therefore it is recorded at cost. If there is an impairment that is considered to be other than temporary, the impairment is written off. Loans and receivables, investments held-to-maturity, and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has classified its financial instruments as follows:

<u>Financial instrument</u>	<u>Classification</u>
Cash	FVTPL
Accounts receivable	Loans and receivables
Marketable securities	FVTPL
Investment in petroleum interests	Available for sale
Investment in other companies	FVTPL or available for sale
Bank indebtedness	Other financial liabilities
Loans payable	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities

Edward G. Dumond
Timothy M. Gould
A. George Matthew
Richard D. McCloskey
Gordon A. McCreary
Anthony D. Weldon

Director – CFO and Corporate Secretary
Director
Director
Director – CEO and President
Director
Director

May 26, 2015