CONDENSED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)
(Unaudited)

	Note		**September 30, 2015**		December 31, 2014
Assets					
Current assets					
Accounts receivable		**$**	**565,789**	$	1,304,252
Prepaid expenses			**104,317**		132,929
			670,106		1,437,181
Non-current assets					
Reclamation deposits	7		**115,535**		105,535
Exploration and evaluation assets	5, 9		**4,151,108**		2,896,887
Property and equipment	6, 9		**36,699,822**		42,870,113
Deferred tax asset	13		**-**		1,641,916
Total assets		**$**	**41,636,570**	$	48,951,632
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**1,631,892**	$	5,897,643
Bank indebtedness	9		**9,659,252**		7,184,147
			11,291,144		13,081,790
Non-current liabilities					
Decommissioning obligations	7		**5,299,500**		5,177,607
			16,590,644		18,259,397
Shareholders' Equity					
Share capital	10		**52,083,069**		51,881,960
Contributed surplus	10(b)		**2,540,209**		2,513,122
Deficit			**(29,577,353)**		(23,702,847)
Total shareholders' equity			**25,045,926**		30,692,235
Total liabilities and shareholders' equity		**$**	**41,636,570**	$	48,951,632

Commitment (Note 11)

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

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Oil and natural gas revenue		**$ 2,043,781**	$ 4,703,496	**$ 8,256,065**	$ 12,066,993
Royalties		**(156,201)**	(895,461)	**(612,233)**	(2,224,479)
Net oil and natural gas revenue		**1,887,580**	3,808,035	**7,643,832**	9,842,514
Expenses					
Production and operating		**792,954**	955,830	**2,766,974**	3,101,195
Exploration and evaluation		**3,300**	50,249	**17,599**	91,915
Depletion and depreciation	2(e), 6	**1,226,841**	1,082,604	**4,322,901**	2,946,324
General and administrative		**273,680**	504,277	**1,254,614**	1,156,597
Share-based payments	10(b)	**(40,548)**	468,174	**181,204**	468,174
Impairment	6	**3,012,561**	-	**3,012,561**	-
		5,268,788	3,061,134	**11,555,855**	7,764,206
Results from operating activities		**(3,381,208)**	746,901	**(3,912,023)**	2,078,309
Finance expense	8	**(137,507)**	(26,589)	**(423,423)**	(180,455)
Gain on disposition		**-**	-	**-**	2,942
Income (loss) before income tax		**(3,518,715)**	720,312	**(4,335,446)**	1,900,796
Deferred tax expense	13	**(1,236,816)**	-	**(1,641,916)**	-
Net income (loss) and comprehensive income (loss) for the period	2(e)	**$ (4,755,531)**	$ 720,312	**$ (5,977,362)**	$ 1,900,796
Net income (loss) per share					
Basic and diluted	10(c)	**$ (0.06)**	$ 0.01	**$ (0.08)**	$ 0.03

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

CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)
(Unaudited)

	Note	Number of common shares		Capital stock		Contributed surplus		Warrant reserve		Deficit		Total Equity
Balance, December 31, 2013	2(e)	**61,307,498**	**$**	**42,127,674**	**$**	**2,574,789**	**$**	**204,479**	**$**	**(22,568,372)**	**$**	**22,338,570**
Non-flow-through share issuance		13,333,500		10,000,125		-		-		-		10,000,125
Share-based payments		-		-		452,780		-		-		452,780
Share issuance costs, net of tax		-		(680,408)		-		-		-		(680,408)
Exercise of stock options		690,000		404,944		(184,094)		-		-		220,850
Expiry of stock options		-		-		(1,159)		-		1,159		-
Exercise of warrants		37,500		29,625		-		(1,500)		-		28,125
Expiry of warrants		-		-		(329,194)		(202,979)		532,173		-
Net loss for the year		-		-		-		-		(1,667,807)		(1,667,807)
Balance, December 31, 2014		**75,368,498**	**$**	**51,881,960**	**$**	**2,513,122**	**$**	**-**	**$**	**(23,702,847)**	**$**	**30,692,235**
Balance, December 31, 2014		**75,368,498**	**$**	**51,881,960**	**$**	**2,513,122**	**$**	**-**	**$**	**(23,702,847)**	**$**	**30,692,235**
Exercise of stock options	10(b)	435,000		201,109		(92,359)		-		-		108,750
Expiry of stock options	10(b)	-		-		(102,855)		-		102,855		-
Share-based payments	10(b)	-		-		222,301		-		-		222,301
Net loss for the period		-		-		-		-		(5,977,362)		(5,977,362)
Balance, September 30, 2015		**75,803,498**	**$**	**52,083,069**	**$**	**2,540,209**	**$**	**-**	**$**	**(29,577,353)**	**$**	**25,045,926**

Comparison with nine months ended September 30, 2014:

	Note	Number of common shares		Capital stock		Contributed surplus		Warrant reserve		Deficit		Total Equity
Balance, December 31, 2013	2(e)	**61,307,498**	**$**	**42,127,674**	**$**	**2,574,789**	**$**	**204,479**	**$**	**(22,568,372)**	**$**	**22,338,570**
Non flow-through share issuance		13,333,500		10,000,125		-		-		-		10,000,125
Share issuance costs		-		(921,007)		-		-		-		(921,007)
Exercise of stock options		690,000		220,850		(111,100)		-		111,100		220,850
Exercise of warrants		37,500		28,125		-		-		-		28,125
Expiry of warrants		-		-		(329,194)		(120,828)		450,022		-
Share-based payments		-		-		468,174		-		-		468,174
Net income for the period	2(e)	-		-		-		-		1,900,796		1,900,796
Balance, September 30, 2014	2(e)	**75,368,498**	**$**	**51,455,766**	**$**	**2,529,675**	**$**	**83,651**	**$**	**(20,033,460)**	**$**	**34,035,632**

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

CONDENSED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)
(Unaudited)

	Note	Three Months Ended September 30 2015	2014	Nine Months Ended September 30 2015	2014
Operating activities					
Net income (loss) for the period	2(e)	**$ (4,755,531)**	$ 720,312	**$ (5,977,362)**	$ 1,900,796
Items not affecting cash:					
Depletion, depreciation and accretion	2(e)	**1,257,907**	1,091,357	**4,416,098**	2,972,583
Gain on disposition		**-**	-	**-**	(2,942)
Share-based payments		**(40,548)**	468,174	**181,204**	468,174
Deferred tax expense		**1,236,816**	-	**1,641,916**	-
Impairment		**3,012,561**	-	**3,012,561**	-
Funds flow from operations		**711,203**	2,279,843	**3,274,418**	5,338,611
Decommissioning obligation expenditures		**-**	-	**(2,590)**	-
Changes in non-cash working capital	12	**684,631**	(13,732)	**(129,166)**	(225,918)
Cash provided by operating activities		**1,395,834**	2,266,111	**3,142,662**	5,112,694
Investing activities					
Property and equipment expenditures		**(166,079)**	(7,574,065)	**(886,357)**	(12,704,593)
Exploration and evaluation expenditures		**(1,218,144)**	1,071,415	**(1,460,648)**	(1,730,564)
Proceeds from disposition of equipment		**-**	-	**-**	(50,000)
Reclamation deposits		**(10,000)**	-	**(10,000)**	-
Changes in non-cash working capital	12	**(222,029)**	598,512	**(3,369,511)**	2,244,373
Cash used in investing activities		**(1,616,252)**	(5,904,137)	**(5,726,517)**	(12,140,783)
Financing activities					
Shares issued for cash, net of issue costs		**-**	-	**-**	9,107,244
Shares issued on exercise of stock options		**-**	85,050	**108,750**	220,850
Change in bank debt		**220,418**	2,200,000	**2,475,105**	(2,300,000)
Changes in non-cash working capital	12	**-**	-	**-**	-
Cash provided by financing activities		**220,418**	2,285,050	**2,583,855**	7,028,094
Net change in cash		**-**	(1,352,979)	**-**	-
Cash, beginning of period		**-**	1,352,979	**-**	-
Cash, end of period		**$ -**	$ -	**$ -**	$ -

Supplemental cash flow information (Note 12)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2015 and 2014

(Expressed in Canadian dollars)

1. Nature of Business

Hemisphere Energy Corporation (the "Company") was incorporated under the laws of British Columbia on March 6, 1978. The Company's principal business is the acquisition, exploration, development and production of petroleum and natural gas in Canada. It is a publicly traded company listed on the TSX Venture Exchange under the symbol "HME". The Company's head office is located at Suite 2000, 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9.

2. Basis of Presentation

(a) Statement of compliance

These unaudited interim condensed financial statements ("Financial Statements") have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. These Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2014.

These financial statements were authorized for issuance by the Board of Directors on November 26, 2015.

(b) Basis of presentation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments and share-based payments, which are stated at their fair values.

(c) Functional and presentation currency

These Financial Statements are presented in Canadian dollars which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may materially differ from these estimates. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(e) Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with IFRS and follow the same accounting policies as described in Note 3 of the Company's audited annual financial statements for the year ended December 31, 2014. There have been no changes to the Company's accounting policies since the Company's audited annual financial statements for the year ended December 31, 2014 were issued.

The Company changed its accounting for depleting its petroleum and natural gas properties during the year ended December 31, 2014. The Company changed from using the unit-of-production method based on production volumes in relation to total estimated Proved reserves to total estimated Proved and Probable reserves. The change in policy was applied retrospectively, and the comparative figures for the three and nine months ended September 30, 2014 have been adjusted to reflect this change.

3. Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, changes in assumptions can significantly affect estimated fair values. At September 30, 2015, the Company's financial instruments include accounts receivable, reclamation deposits, bank indebtedness, and accounts payable and accrued liabilities.

The fair values of accounts receivable, reclamation deposits, accounts payable and accrued liabilities, and bank indebtedness approximate their carrying values due to the short-term maturity of these financial instruments.

4. Capital Management

The Company manages its capital with the following objectives:

(a) To ensure sufficient financial flexibility to achieve the Company's ongoing business objectives including the replacement of production, funding of future growth opportunities and pursuit of accretive acquisitions; and

(b) To maximize shareholder return through enhancing the Company's share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the Company and industry in general. The capital structure of the Company is composed of shareholders' equity and net debt. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, obtaining additional financing, utilization of the Company's credit facilities, issuing new debt instruments or other financial or equity-based instruments, adjusting capital spending or disposing of assets. The capital structure is reviewed on an ongoing basis.

The Company's capital structure as at September 30, 2015 and December 31, 2014 were as follows:

		September 30, 2015		December 31, 2014
Shareholders' equity	**$**	**25,045,926**	$	30,692,235
Net debt		**10,621,038**		11,644,609
Total capital	**$**	**35,666,964**	$	42,336,844

As at September 30, 2015, the Company had total available credit facility of $15,000,000 (December 31, 2014 - $15,000,000) of which the Company had drawn $9,659,252 (December 31, 2014 - $7,184,147). The Company is subject to a financial covenant as described in Note 9.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company.

At September 30, 2015, the Company had net debt of $10,621,038 (December 31, 2014 - $11,644,609) which included bank indebtedness of $9,659,252 (December 31, 2014 - $7,184,147). The Company funds its operations through production revenue and a demand operating credit facility (Note 9). All of the Company's financial liabilities have contractual maturities of less than 90 days.

5. Exploration and Evaluation Assets

Exploration and evaluation assets consist of the Company's exploration projects, which are pending the determination of Proved and Probable reserves and undeveloped lands. A transfer from exploration and evaluation assets to property and equipment is made when reserves are assigned or an exploration project has been completed. As at September 30, 2015, the Company transferred $206,427 (December 31, 2014 - $993,271) of exploration and evaluation costs to property and equipment. The Company also capitalized general and administrative expenses of $173,573 to exploration and evaluation assets for the nine months ended September 30, 2015.

Cost		
Balance, December 31, 2013	$	2,000,613
Additions		1,889,545
Transfer to property and equipment		(993,271)
Balance, December 31, 2014	$	2,896,887
Additions		1,460,648
Transfer to property and equipment		(206,427)
Balance, September 30, 2015	**$**	**4,151,108**

6. Property and Equipment

Cost		Petroleum and Natural Gas		Other Equipment		Total
Balance, December 31, 2013	$	39,119,038	$	67,522	$	39,186,560
Additions		19,382,791		46,970		19,429,761
Increase in decommissioning obligations		3,099,549		-		3,099,549
Transfer from exploration and evaluation assets		993,271		-		993,271
Balance, December 31, 2014	$	62,594,650	$	114,492	$	62,709,142
Additions		886,358		-		886,358
Increase in decommissioning obligations		31,287		-		31,287
Capitalized share-based payments		41,097		-		41,097
Transfer from exploration and evaluation assets		206,427		-		206,427
Balance, September 30, 2015	**$**	**63,759,818**	**$**	**114,492**	**$**	**63,874,310**
Accumulated Depletion, Depreciation, Amortization and Impairment Losses						
Balance, December 31, 2013	$	11,720,611	$	54,504	$	11,775,115
Charge for the year		5,353,585		7,404		5,360,989
Impairment		2,702,925		-		2,702,925
Balance, December 31, 2014	**$**	**19,777,121**	**$**	**61,908**	**$**	**19,839,029**
Charge for the period		4,312,810		10,091		4,322,901
Impairment		3,012,561		-		3,012,561
Balance, September 30, 2015	**$**	**27,102,492**	**$**	**71,999**	**$**	**27,174,491**
Net Book Value						
December 31, 2014	$	42,817,529	$	52,584	$	42,870,113
September 30, 2015	**$**	**36,657,326**	**$**	**42,493**	**$**	**36,699,822**

The Company's additions for property and equipment included capitalized general and administrative expenses of $40,159 and $94,996 for the three and nine months ended September 30, 2015, respectively.

The calculation of depletion at September 30, 2015 includes estimated future development costs of $23,083,300 (December 31, 2014 - $23,083,300) associated with the development of the Company's Proved plus Probable reserves.

At September 30, 2015, the Company performed an assessment of potential impairment indicators, and management determined that with the prolonged reduction in commodity prices and the Company's deferred capital development plans that an impairment test on its petroleum and natural gas assets was required. The Company performed an impairment test on its petroleum and natural gas assets and it was determined that the carrying amount of one CGU exceeded its recoverable amount. Accordingly, the Company recognized an impairment charge of $3,012,561 as at September 30, 2015. No indicators of impairment existed at September 30, 2014.

The recoverable amounts were determined with fair value less costs to sell using a discounted cash flow method and categorized in Level 3 of the fair value hierarchy. Key assumptions in the determination of cash flows from reserves include crude oil and natural gas prices and discount rates specific to the underlying composition of assets residing in each CGU. The pre-tax discount rates ranged from 10% to 15% depending on the nature of the reserves.

	As at September 30, 2015	
CGU	**Impairment**	**Recoverable Value**
Jenner, AB	3,012,561	18,076,984

The following table shows the future commodity price estimates used by the Company's independent reserves evaluator as at September 30, 2015:

2015	2016	2017	2018	2019	2020	2021	2022	2023	Thereafter
WTI (US$/bbl)	55.00	61.20	65.00	69.00	73.10	77.30	81.60	86.20	+2%/yr
WCS (C$/bbl)	56.60	61.70	65.60	68.00	72.20	76.50	81.00	85.70	+2%/yr
AECO(Cdn$/MMbtu)	3.35	3.65	3.85	4.00	4.25	4.45	4.70	5.00	+2%/yr

7. Decommissioning Obligation

The Company's decommissioning obligation is estimated based on its net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities, and the estimated timing of the costs to be incurred in future years. The Company uses Alberta Energy Regulator guidelines for determining abandonment and reclamation estimates.

The Company estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations as at September 30, 2015 is $5,957,751 (December 31, 2014 - $5,923,892). These payments are expected to be made over the next 38 years with the majority of costs to be incurred between 2022 and 2038. The discount factor, being the risk-free rate related to the liability, is 2.40% (December 31, 2014 - 2.40%). Inflation of 1.70% (December 31, 2014 - 1.70%) has also been factored into the calculation. The Company also has $115,535 (December 31, 2014 - $105,535) in various reclamation bonds for its properties held by the British Columbia Ministry of Energy, Mines and Petroleum Resources.

	September 30, 2015	December 31, 2014
Decommissioning obligation, beginning of period	**$ 5,177,607**	$ 2,011,282
Increase in estimated future obligations	**31,287**	3,099,549
Decommissioning obligation expenditures	**(2,591)**	-
Accretion expense	**93,197**	66,776
Decommissioning obligation, end of period	**$ 5,299,500**	$ 5,177,607

8. Finance Income and Expense

	Three Month Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Finance expense:				
Interest expense	**$ 106,441**	$ 14,027	**$ 330,226**	$ 142,888
Part XII.6 tax	**-**	3,809	**-**	11,308
Accretion of decommissioning obligation	**31,066**	8,753	**93,197**	26,258
Total	**$ 137,507**	$ 26,589	**$ 423,423**	$ 180,454

9. Bank Indebtedness

The Company has a demand operating credit facility in the amount of $15.0 million with Alberta Treasury Branches ("ATB") which was renewed in July 2015. Funds available under the credit facility are $14.0 million and access to the remaining $1.0 million is based on additional approval from ATB. The facility is secured by a general security agreement and a floating charge on all lands of the Company. The facility bears interest at the bank's prime rate plus 1.75%, as well as a standby charge for any undrawn funds.

Pursuant to the terms of the credit facility, the Company has provided a financial covenant that at all times its working capital ratio shall not be less than 1.0. The working capital ratio is defined under the terms of the credit facilities as current assets including the undrawn portion of the revolving operating demand line credit facility, to current liabilities, excluding any current bank indebtedness.

At September 30, 2015, the Company has drawn a total of $9,659,252 on its credit facility (December 31, 2014 - $7,184,147) and had a working capital ratio of 3.1, which is in compliance with the above financial covenant. The Company is currently conducting its mid-year review with ATB, which it expects to have completed in December 2015.

10. Share Capital

(a) Authorized

Unlimited number of common shares without par value.

Issued and outstanding

As at September 30, 2015, the Company had 75,803,498 common shares issued and outstanding.

During the nine months ended September 30, 2015, the Company issued 435,000 common shares for the exercise of stock options at $0.25 each.

(b) Stock options

The Company has a stock option plan in place and is authorized to grant stock options to officers, directors, employees and consultants whereby the aggregate number of shares reserved for issuance may not exceed 10% of the issued shares at the time of grant and 5% of the issued shares to each optionee. Stock options are non-transferable and have a maximum term of five years. Stock options terminate no later than 90 days (30 days for investor-related services) upon termination of employment or employment contract and one year in the case of retirement, death or disability. The grant price may not be less than the last closing price of the Company's shares and not less than $0.10 per share.

During the nine months ended September 30, 2015, the Company received gross proceeds of $108,750 from the exercise of 435,000 stock options at $0.25 each.

Details of the Company's stock options as at September 30, 2015 are as follows:

Exercise Price	Expiry Date	Balance Outstanding December 31, 2014	Changes in the Period: Granted	Changes in the Period: Exercised	Changes in the Period: Expired	Balance Outstanding September 30, 2015	Balance Exercisable September 30, 2015
$0.25	8-Mar-15	435,000	-	(435,000)	-	-	-
$0.26	30-Sep-15	490,000	-	-	(490,000)	-	-
$0.30	23-Dec-15	375,000	-	-	-	375,000	375,000
$0.30	27-Jan-16	200,000	-	-	-	200,000	200,000
$0.38	9-Feb-16	50,000	-	-	-	50,000	50,000
$0.40	26-May-16	475,000	-	-	-	475,000	475,000
$0.48	5-Jul-16	50,000	-	-	-	50,000	50,000
$0.70	8-Feb-17	1,500,000	-	-	-	1,500,000	1,500,000
$0.65	24-Apr-17	75,000	-	-	-	75,000	75,000
$0.61	5-Jul-17	425,000	-	-	-	425,000	425,000
$0.50	8-Mar-18	250,000	-	-	-	250,000	250,000
$0.55	6-Jan-19	660,000	-	-	-	660,000	660,000
$0.65	29-Sep-19	785,000	-	-	-	785,000	785,000
$0.61	7-Oct-19	200,000	-	-	-	200,000	200,000
$0.24	29-Jan-20	-	1,225,000	-	-	1,225,000	1,212,500
$0.39	1-Mar-20	-	100,000	-	-	100,000	100,000
		5,970,000	1,325,000	(435,000)	(490,000)	6,370,000	6,357,500
Weighted-average exercise price		$0.52	$0.25	$0.25	$0.26	$0.50	$0.51

For the nine months ended September 30, 2015, the Company recognized $181,204 (September 30, 2014 - $468,174) in share-based payment expense from the granting of 1,325,000 incentive stock options (September 30, 2014 – 785,000) to directors, officers, employees and consultants of the Company, of which 1,300,000 vested immediately. The Company capitalized $41,097 in share-based payments, which were directly related to the Company's development and exploration activities in the year.

On January 29, 2015, 25,000 stock options at an exercise price of $0.24 each were granted to a company performing investor relations services and vest 25% at each three-month interval from the grant date. As at September 30, 2015, share-based payment expense of $549 was recognized for 6,250 stock options that vested in the period.

The fair value of the granted stock options was determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	September 30, 2015	September 30, 2014
Expected life (years)	**5.00**	5.00
Interest rate	**0.79%**	1.12%
Volatility	**91.71%**	154.15%
Dividend yield	**0.00%**	0.00%
Fair value at grant date	**$0.17**	$0.47

The weighted-average exercise price for stock options granted during the nine months ended September 30, 2015 was $0.25 (September 30, 2014 - $nil). The forfeiture rate has been estimated at 5% (September 30, 2014 - nil).

During the nine months ended September 30, 2015, the Company transferred $195,214 (year ended December 31, 2014 - $184,094) from contributed surplus and recorded a corresponding amount in share capital for exercised stock options.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate

(c) Income (loss) per share

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Income (loss) for the period	**$ (4,755,531)**	$ 720,312	**$ (5,977,362)**	$ 1,900,796
Weighted average number of common shares outstanding, basic	**75,803,498**	75,063,770	**75,743,828**	68,291,661
Dilutive stock options and share purchase warrants	**-**	1,410,516	**-**	1,525,782
Weighted average number of common shares outstanding, fully diluted	**75,803,498**	76,474,286	**75,743,828**	69,817,443
Income (loss) per share, basic and fully diluted	**$ (0.06)**	$ 0.01	**$ (0.08)**	$ 0.03

For the three and nine months ended September 30, 2015, the Company incurred a loss; therefore, dilutive stock options and share purchase warrants were nil. For the three and nine months ended September 30, 2014, the Company had dilutive options and share purchase warrants of 1,410,516 and 1,525,782, respectively.

11. Commitment

The Company has a commitment to make monthly rental payments pursuant to the office rental agreement at its current location until May 30, 2018. The following table shows the Company's rental commitment amounts for the next four fiscal years:

	2015	2016	2017	2018
Rental commitment	**$ 47,807**	$ 191,226	$ 191,226	$ 79,678

12. Supplemental Cash Flow Information

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Provided by (used in):				
Accounts receivable	**$ 607,886**	$ (1,078,409)	**$ 738,463**	$ (1,168,773)
Prepaid expenses	**(14,621)**	(12,471)	**28,611**	2,550
Accounts payable and accrued liabilities	**(130,664)**	1,675,662	**(4,265,751)**	3,184,678
Total changes in non-cash working capital	**$ 462,601**	$ 584,782	**$ (3,498,677)**	$ 2,018,455
Provided by (used in):				
Operating activities	**$ 684,631**	$ (13,732)	**$ (129,166)**	$ (225,918)
Investing activities	**(222,029)**	598,512	**(3,369,511)**	2,244,373
Total changes in non-cash working capital	**$ 462,601**	$ 584,782	**$ (3,498,677)**	$ 2,018,455

Interest paid on the Company's bank indebtedness during the three months ended September 30, 2015 was $106,441 compared to $14,027 for the three months ended September 30, 2014. For the nine months ended September 30, 2015 and 2014 the interest paid on the Company's bank indebtedness were $330,226 and $142,888, respectively.

13. Income Tax

The significant drop in commodity prices during 2015 has reduced the probability that the Company will be able to realize on its deferred tax asset in the near future and, as a result, the Company provided for it in the amount of $1,236,816 as at September 30, 2015.