Auditor's Report and Consolidated Financial Statements of

PANORAMA PETROLEUM INC.

June 30, 2015

(Expressed in Canadian Dollars)

502 – 815 Hornby Street, Vancouver, British Columbia, Canada V6Z 2E6

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Panorama Petroleum Inc.

We have audited the accompanying consolidated financial statements of Panorama Petroleum Inc., which comprise the consolidated statements of financial position as at June 30, 2015 and 2014 and the consolidated statements of operations, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and 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, 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 audit 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 the auditors' 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, the auditors 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, these consolidated financial statements present fairly, in all material respects, the financial position of Panorama Petroleum Inc. as at June 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Panorama Petroleum Inc. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

October 26, 2015

PANORAMA PETROLEUM INC.
Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	June 30, 2015	June 30, 2014
ASSETS		
CURRENT		
Cash	$ 30,205	$ 858,819
Prepaid expense	-	4,158
Receivables	9,331	37,960
	39,536	900,937
EXPLORATION & EVALUATION ASSETS (Note 4)	787,264	4,302,250
	$ 826,800	$ 5,203,187
LIABILITIES		
CURRENT		
Accounts payable	285,415	337,145
Accrued liabilities	31,550	29,647
Loans payable (Note 5)	4,112,714	4,302,960
	$ 4,429,679	$ 4,669,752
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	41,527,072	40,860,063
Additional paid-in capital (Note 7)	3,829,616	3,829,616
Deficit	(48,959,567)	(44,156,244)
	(3,602,879)	533,435
	$ 826,800	$ 5,203,187

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 9)
SUBSEQUENT EVENT (Note 14)

APPROVED ON BEHALF OF THE BOARD on October 26, 2015:

(signed) Lutfur Rahman Khan
Lutfur Rahman Khan, Director

(signed) Mahmood Arshad
Mahmood Arshad, Director

PANORAMA PETROLEUM INC.
Consolidated Statement of Operations
(Expressed in Canadian dollars)

		Years ended June 30,		
		2015		2014
GENERAL & ADMINISTRATIVE				
Auditing and legal	**$**	**65,888**	$	46,498
Consulting fees		**245,000**		145,000
Investor relations		**32,369**		27,297
Rent		**72,011**		95,855
Communications		**11,839**		10,447
Salaries and wages		**163,083**		155,229
Office and other		**11,305**		6,568
Translation loss		**104,018**		13,139
Loss before other items	**$**	**705,513**	$	500,033
OTHER ITEMS				
New project investigations	**$**	**56,565**	$	-
Property care and maintenance (Note 4)		**52,807**		66,779
Write-down of exploration & evaluation assets (Note 4)		**3,571,447**		-
Interest on loans payable		**416,991**		392,537
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$**	**4,803,323**	$	959,349
LOSS PER SHARE				
Basic and fully diluted	**$**	**0.18**	$	0.07
Weighted average number of consolidated common shares used to calculate loss per share		**26,502,249**		13,214,132

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

PANORAMA PETROLEUM INC.

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

	Shares	Share Capital Amount	Deficit	Additional Paid-in Capital	Total Shareholders' Equity (Deficiency)
Balance June 30, 2013	12,861,948	$ 39,332,275	$ (43,196,895)	$ 3,799,800	$ (64,820)
Private placement	11,338,932	1,700,839	-	-	1,700,839
Share issue costs	-	(173,051)	-	29,816	(143,235)
Loss for the year	-	-	(959,349)	-	(959,349)
Balance June 30, 2014	24,200,880	40,860,063	(44,156,244)	3,829,616	533,435
Debt conversion	3,000,000	675,000	-	-	675,000
Share issue costs	-	(7,991)	-	-	(7,991)
Loss for the year	-	-	(4,803,323)	-	(4,803,323)
Balance June 30, 2015	27,200,880	$ 41,527,072	$ (48,959,567)	$ 3,829,616	$ (3,602,879)

PANORAMA PETROLEUM INC.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Years ended June 30, 2015	2014
OPERATING ACTIVITIES		
Loss for the year	**$ (4,803,323)**	$ (959,349)
Add non-cash items		
Foreign exchange loss	**110,454**	14,921
Interest added to debt principal	**410,133**	389,699
Write-down of exploration & evaluation asset	**3,571,447**	-
Gain on settlement of debt	**(4,185)**	-
Net change in non-cash working capital (Note 8)	**6,066**	(2,331)
	(709,408)	(557,060)
FINANCING ACTIVITIES		
Issuance of share capital	**-**	1,700,840
Share issue costs	**(7,991)**	(97,936)
Loan proceeds	**187,645**	355,535
Loan repayments	**(227,399)**	(500,000)
	(47,745)	1,458,439
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	**(71,461)**	(43,876)
	(71,461)	(43,876)
NET CASH (OUTFLOW) INFLOW	**(828,614)**	857,503
CASH, BEGINNING OF YEAR	**858,819**	1,316
CASH, END OF YEAR	**$ 30,205**	$ 858,819

Supplemental disclosure with respect to cash flow (Note 8).

1. NATURE AND CONTINUANCE OF OPERATIONS

Panorama Petroleum Inc. (the "Company") is an exploration stage company incorporated under the laws of British Columbia on September 18, 1984. The Company is in the process of acquiring and exploring natural resource properties and has not yet determined whether the properties contain ore or gas reserves that are economically recoverable.

The Company's head office, principal address and registered and records office is 502 – 815 Hornby Street, Vancouver, British Columbia, Canada, V6Z 2E6.

During the year ended June 30, 2014, the Company completed a 10 old for 1 new share consolidation. All common share, warrant, stock option and per share amounts have been retroactively restated in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration and evaluation assets, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While the Company has been successful in obtaining its required financing in the past, mainly through non-arms-length demand loans, there is no assurance that such financing will be available or be available on favourable terms. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's presentation currency is Canadian dollars. Reference herein of $ is to Canadian dollars. Reference herein to US$ is to United States dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the financial statements of the Company and all entities controlled by the Company, as set forth in the table below. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions have been eliminated.

Company	Place of incorporation	Ownership
Maverick Mining (Pvt) Ltd.	Pakistan	100%
Arctic Petroleum Ltd.	Anguilla	100%
Arctic Oil & Gas Limited	Turkey	100%
Anglo-Canadian Mining Corporation	British Virgin Islands	100%
Fraser Mining Corporation	British Virgin Islands	100%
North American Mining Corporation	South Africa	100%

Use of estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The determination of deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Exploration and evaluation assets

Costs directly related to the exploration and evaluation of mineral properties are capitalized to exploration and evaluation assets once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of exploration and evaluation assets.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation 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 Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. Common share equivalents include stock options and warrants. For this purpose, the "treasury stock method" is used with respect to stock options and warrants. For the years presented, this calculation proved to be anti-dilutive.

Income taxes

Deferred taxes relate to the expected future tax consequences of differences between the carrying amount of statement of financial position items and their corresponding tax values. Deferred tax assets, including those arising from unused loss carry-forwards and other deductions, are recognized only to the extent that, in the opinion of management, it is more likely than not that the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. At June 30, 2015, the Company has not classified any financial assets as held to maturity. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At June 30, 2015, the Company has not classified any financial assets as available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable, accrued liabilities and loans payable are classified as other financial liabilities.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

See Note 12 for relevant disclosures.

New standards in effect

The following new standards, amendments to standards and interpretations have been issued and are effective during the year ended June 30, 2015; however, management has determined that they have no impact on the Company's financial reporting requirements:

- IAS 32 Financial Instruments, Presentation, amendment to clarify requirements for offsetting of financial assets and financial liabilities. (i)
- IAS 36 Impairment of Assets, amendment to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed. (i)

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended June 30, 2015:

- IFRS 7 Financial Instruments Disclosure, amendment to require additional disclosures on transition from IAS 39 to IFRS 9 (i)
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets(ii)

(i) Effective for annual periods beginning on or after January 1, 2015

(ii) Effective for annual periods beginning on or after January 1, 2018

4. EXPLORATION AND EVALUATION ASSETS

	Non-producing		
	Catalca Licence	Barit-Hunkai Concession	Total
Balance, June 30, 2013	$ 3,462,798	$ 787,264	$ 4,250,062
Net acquistion costs	52,188	-	52,188
Balance, June 30, 2014	$ 3,514,986	$ 787,264	$ 4,302,250
Net acquistion costs	56,461	-	56,461
Write-down	(3,571,447)	-	(3,571,447)
Balance, June 30, 2015	$ -	$ 787,264	$ 787,264

Title to exploration and evaluation assets involves certain inherent risk due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many natural resource properties. The Company has investigated title to all of its natural resource properties and, to the best of its knowledge, titles to all of its properties are in good standing.

Çatalca License, Turkey

In December, 2010, Arctic Petroleum Ltd. ("Arctic") entered into a Memorandum of Agreement (the "Arctic Agreement") with Merty Energy Petroleum Exploration, Education and Services Inc. ("Merty Energy") pursuant to which Arctic, which has become a wholly-owned subsidiary of the Company, can acquire a fifty percent (50%) participating interest and joint operatorship of Merty Energy's ninety percent (90%) interest in the Çatalca License AR/PMI-ERP- PTK-MER/3853 located in the Thrace basin, Turkey (the "Çatalca License"), for a net forty five percent (45%) participating interest in the Çatalca License. The License is located in the Thrace basin in the European part of Turkey.

4. EXPLORATION AND EVALUATION ASSETS *(continued)*

Although the Catalca License, Thrace Basin, Turkey was extended to October 2015 following the Q1 2013 natural gas discovery well (Cayirlik-1), as gazetted by the Turkish licencing regulatory authority the General Directorate of Petroleum Affairs (GDPA), the Company received indirect information that the GDPA had terminated the license pursuant to the new May 30, 2013 Turkish Petroleum Law after putting the Company's Turkish partner and license operator, who held a 55% interest in the Catalca License, on notice that the license may be subject to termination pursuant to the terms and conditions of the new petroleum law.

The Company's Turkish partner, under the terms of the Definitive and Joint Operating Agreements, held the Company's 45% license interest in trust as a fiduciary but failed to inform the Company of the GDPA notifications thereby denying the Company the opportunity of taking the necessary corrective measures. The Company, through its Turkish legal counsel, has put the former Turkish partner on notice that the Company reserves all its legal rights and that the Company's Turkish legal counsel had been instructed to take necessary legal action.

Panorama, on learning of the license status, held detailed discussions with the GDPA in Ankara, Turkey. Subsequently the Company filed the required corporate qualification documents along with an application to obtain 100% of the license with the GDPA and the GDPA approved the Company for purposes of the license application.

In January of 2015, as per GDPA request the company filed the required five year exploration and development plan for the license with GDPA. Subsequent to June 30, 2015 the Company has found out that its application for 100% license may not be successful. The Company has written down its total capital investment of $3,571,447 in the Catalca License.

A notice of claim with respect to prior arrangements concerning the former Catalca License, Thrace Basin, Turkey was filed by Emperor Oil Ltd. against the Company. The Company believes the claim is without merit. The Company has vigorously defended the claim, and has filed a counter claim.

Barit-Hunkui Copper/Gold Project, Pakistan

On November 3, 2007 the Company entered into an option agreement, to acquire a 90% interest in the Barit-Hunkui Copper Project, located in Pakistan pursuant to which the Company paid $24,600. The licence was assigned to the Company in May of 2010; consequently, the Company was required to pay US$75,000, of which US$55,000 has been paid and US$20,000 accrued, to the current licence holder, an additional US$50,000 upon completion of the exploration program, and US$100,000 on the first sale of commercial production. The Company will carry out all exploration activities at its cost and will be the operator. During fiscal 2014, the property entered care and maintenance, and accordingly, in fiscal 2015 charged $52,807 (2014 – $66,779) to operations.

The final documentation for the transfer of the 90% interest in the Barit-Hunkui porphyry copper/molybdenum/gold property situated near Gilgit in Northern Pakistan has been approved by the Government of Pakistan. The local vendor of the property holds the remaining 10% on a free carried interest basis. The Company, as Project Operator, is obligated to fund and carry out the exploration and development work.

5. LOANS PAYABLE

The loans are secured, due on demand, and with parties who transact with the Company on a non-arm's-length basis. Transactions between the related parties are approved by the Board of Directors. The following table summarized the Company's outstanding debt obligations.

	June 30 2015	June 30 2014
Loan payable bearing interest at 8.5% per annum to March 31, 2014, 10% per annum until May 15, 2015 and 15% per annum thereafter, and payable in Canadian dollars, including accrued interest of $1,367,372 (June 30, 2014 - $984,256) A total of US$367,696 is payable in US$.	**$ 3,703,681**	$ 3,925,966
Loan payable bearing interest at 4.75% per annum, payable in Canadian dollars, including accrued interest of $10,606 (June 30, 2014 - $9,075)	**27,944**	79,849
Loan payable bearing interest at 10% per annum to May 15, 2015 and 15% per annum thereafter, payable in Pakistan rupees (PKR 30,609,635), including accrued interest of $114,118 (June 30, 2014 - $65,879)	**381,089**	297,145
	$ 4,112,714	$ 4,302,960

On March 3, 2014, the outstanding loan debt in the amount of $4,435,472 was secured under the terms of a promissory note issued against the assets of the Company, and is payable on demand upon 15 days' advance notice and/or the note holder has the right upon 15 days' advance notice to convert the secured amount into common shares of the Company at the market price less the maximum allowable discount at the time of conversion, subject to the approval of the TSX Venture Exchange and applicable security laws.

During the year ended June 30, 2015, the Company agreed on a Shares-for-Debt Agreement with Maverick Petroleum Ltd. (a creditor) for settlement of $675,000 of debt through the issuance of 3,000,000 common shares at $0.225 per common share (Note 7). The Company has received TSX Venture Exchange approval for this shares-for-debt conversion. All common shares issued in this transaction are subject to a four month hold period.

6. DEFERRED TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Loss before income taxes	$ 4,803,323	$ 959,349
Combined Canadian federal and provincial statutory rate	26.0%	26.0%
Expected income tax recovery at statutory rates	(1,249,000)	(249,000)
Impact of future income tax rates applied versus current statutory rate	(11,000)	(12,000)
Non-deductible expenses	-	2,000
Change in recognized deductible temporary differences	1,260,000	296,000
Other	-	(37,000)
Total deferred tax(expense) recovery	$ -	$ -

(Expressed in Canadian Dollars)

6. DEFERRED TAXES *(continued)*

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

		2015	Expiry dates		2014	Expiry dates
Share issue costs	$	90,000	2015 - 2018	$	172,000	2015 - 2018
Non-capital losses		6,010,000	2029 - 2034		4,695,000	2029 - 2034
Exploration and evaluation assets		3,832,000	No expiry		456,000	No expiry
	$	9,932,000		$	5,323,000	

7. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Private Placements and Share Issuances

During the year ended June 30, 2015 the Company issued 3,000,000 common shares at $0.225 per common share to settle $675,000 of debt.

During the year ended June 30, 2014, the Company closed two private placements for a total of 11,338,932 units at a price of $0.15 per unit for gross proceeds of $1,700,839. Each unit consisted of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share of the Company at a price of $0.25 per share. 10,398,933 warrants have an expiry date of December 16, 2014 and 939,999 warrants have an expiry date of December 26, 2014. Finder's fees, commissions and other share issuance were $173,051, including warrants to purchase 318,060 common shares at a price of $0.25 per share until December 16, 2014. The fair value of the warrants issued using the Black-Scholes pricing option model was $0.09 per share for a total of $29,816, and is included in additional paid-in capital.

The following assumptions were used for the valuation of the broker warrants issued:

	2015	2014
Risk-free interest rate	-	1.07%
Expected life of options	-	6 months
Annualized volatility	-	186.00%
Dividend rate	-	0.00%

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL *(continued)*

(c) Warrants

The following table summarizes the warrant activity for the fiscal years ended June 30, 2015 and 2014.

	Weighted Average Exercise Price	Expiry Date	Number of warrants
Outstanding June 30, 2013			-
Issued	$ 0.25	Dec. 16, 2014	318,060
Issued	$ 0.25	Dec. 18, 2014	10,398,933
Issued	$ 0.25	Dec. 26, 2014	939,999
Outstanding June 30, 2014	$ 0.25		11,656,992
Expired	$ 0.25		(11,656,992)
Outstanding June 30, 2015			-

(d) Stock Options

The Company has a stock option plan in place under which it can grant stock options to purchase up to 10% of the outstanding common shares of the Company. The options are exercisable for a period of five years from the date of grant and the exercise price cannot be less than the market price immediately preceding the grant of the option less a sliding scale discount as permitted. The Board of Directors determines the vesting period at the date of grant, which is not to exceed five years.

The following table summarizes stock option activity for the years ended June 30, 2015 and June 30, 2014:

	Number of options	Weighted average exercise price
Outstanding, June 30, 2013	320,000	$ 1.00
Expired	(320,000)	1.00
Exercisable, June 30, 2014 and June 30, 2015	-	

(Expressed in Canadian Dollars)

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW

Net change in non-cash operating working capital items

	Years ended June 30,			
		2015		2014
Accounts receivable	**$**	**28,629**	$	(12,036)
Prepaid expenses		**4,158**		435
Accounts payable		**(32,809)**		9,270
Accrued liabilities		**6,088**		-
	$	**6,066**	$	(2,331)

Other supplementary cash flow information

During fiscal 2015 interest in the amount of $432,886 (2014 - $389,699) was accrued.

Non-cash transactions

During fiscal 2015 the Company

(a) incurred $NIL (2014 - $15,000) in exploration and evaluation asset expenditures, and $NIL (2014 - $45,300) in share issuance costs, through accounts payable,

(b) converted $3,921 due to/from lenders to offset demand loans, and

(c) issued 3,000,000 common shares of the Company in exchange for settlement of $675,000 of debt (Note 7).

During fiscal 2014 the Company issued 318,060 broker warrants in conjunction with a private placement at a fair value of $29,816 as share issue costs.

9. COMMITMENTS AND CONTINGENCIES

(a) Employment agreements provide for payments of up to eighteen months' salary upon termination, in certain circumstances, of certain officers' employment.

(b) The Company is committed, under the terms of a rental agreement for office premises in Vancouver requiring a minimum of six months' notice to terminate and expiring March 31, 2017, to future rental payments aggregating $44,925.

(c) The Company is defending two claims with respect to its former operations in South Africa. The total amount of the claims is approximately $110,000. Management believes there is no merit to these claims and no provision for this amount has been made in the financial statements.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

During fiscal 2015, significant related party transactions and balances not disclosed elsewhere are as follows:

(a) The following payments were made to key management personnel (defined under IFRS as directors and officers of the Company as well as other management personnel having a significant role in the decision making process): $195,000 (2014 - $145,000) for consulting fees included in operating costs and $NIL (2014 - $40,000) for consulting fees capitalized to exploration and evaluation assets.

(b) Included in accounts payable at June 30, 2015 is $167,125 (2014 - $190,629) due to companies with a common director and/or key management personnel.

(c) Included in accounts receivable at June 30, 2015 is $NIL (2014 - $16,359) due from companies with a common director and/or key management personnel.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, that being the acquisition, exploration, development and operation of exploration and evaluation assets.

The Company currently operates in two geographic areas. The location of the Company's major capital assets (resource properties) was as follows:

	June 30, 2015	June 30, 2014
Pakistan	**$ 787,264**	$ 787,264
Turkey	**-**	3,514,986
	$ 787,264	$ 4,302,250

12. FINANCIAL RISK FACTORS

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, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of receivables, accounts payable, loans payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Cash is carried at fair value using a level 1 fair value measurement.

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

12. FINANCIAL RISK FACTORS *(continued)*

Credit risk

Credit risk is the risk of potential loss to the Company if the counter-party to a financial instrument fails to meet it contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2015, the Company had a cash balance of $30,205 (2014 - $858,819) to settle current liabilities of $4,429,679 (2014 - $4,669,752). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2015, the Company did not have any investments in investment-grade short-term deposit certificates.

The Company's financial liabilities exposed to interest rate risk consist of the demand loans which bear interest at 4.75% to 15% per annum (Note 5). The Company does not use derivative instruments to reduce its exposure to interest rate risk.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiaries located in Pakistan and Turkey. Through this the Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in Pakistan Rupees. The Company also has demand loans denominated in US Dollars and Pakistan Rupees.

Fluctuations in the foreign currencies will, consequently, have an impact upon the Company's profitability and the value of the Company's liabilities. As at June 30, 2015, the impact of a 10% change in rate of exchange on the US Dollar and Pakistan Rupee compared to the Canadian dollar would result in a change of $83,400 on the Company's loss for the year. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

12. FINANCIAL RISK FACTORS *(continued)*

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of commodities, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. Capital is comprised of the Company's shareholders' equity (deficiency). As at June 30, 2015, the Company's shareholders' deficiency was $3,602,879 (2014 – equity position of $533,435). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

14. SUBSEQUENT EVENT

Subsequent to June 30, 2015, and not disclosed elsewhere in these financial statements the Company has borrowed $108,850 from companies with a common director.