

DEVIN ENERGY CORPORATION

INTERIM FINANCIAL STATEMENTS

Expressed in Canadian Dollars
(Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2017

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DEVIN ENERGY CORPORATION
BALANCE SHEETS
AS AT MARCH 31, 2017 and DECEMBER 31, 2016

	NOTES	Quarter-Ended MAR 31, 2017	Year-Ended DEC 31, 2016
ASSETS			
Current			
Cash and equivalents		\$ 89,301	\$ 89,366
Equipment			
	(Note 4)	<u>205,249</u>	<u>205,248</u>
		\$ 294,550	\$ 294,614
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 1,454	\$ 360
Due to related parties (Note 7)		<u>-</u>	<u>-</u>
		1,454	360
Due to related parties (Note 7)		<u>631,187</u>	<u>630,096</u>
		632,641	630,456
Shareholders' equity			
Capital stock	(Note 6)	1,916,135	1,916,135
Deficit		<u>(2,254,226)</u>	<u>(2,251,977)</u>
		<u>(338,091)</u>	<u>(335,842)</u>
		\$ 294,550	\$ 294,614

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors on May 19, 2017:

"Ira M. Patton" Director _____
"Gayle S. Patton" Director

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

DEVIN ENERGY CORPORATION**STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

AS AT MARCH 31, 2017 and 2016

	NOTES	Quarter-Ended MAR 31, 2017	Quarter-Ended MAR 31, 2016
EXPENSES			
Administration fees	(Note7)	\$ ---	\$ ---
Amortization		---	---
Directors fees		---	---
Filing and exchange fees		---	---
Foreign exchange (gain) loss		---	---
Insurance	(Note7)	777	---
Interest and bank charges		65	65
Lease Investigation		---	---
Office and miscellaneous	(Note7)	313	---
Professional fees		---	---
Transfer agent		1,094	---
Wages	(Note7)	---	---
Loss before other items		<u>(2,249)</u>	<u>(65)</u>
OTHER ITEMS			
Gain on write-off of payables		---	---
Interest income		---	---
		<u>---</u>	<u>---</u>
Net loss and comprehensive loss for the period		(2,249)	(65)
Deficit, beginning of year		<u>(2,251,977)</u>	<u>(2,239,825)</u>
Deficit, end of period		<u>(2,254,226)</u>	<u>(2,239,890)</u>
Basic and diluted loss per common share			
		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding			
		8,194,412	8,194,412

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

DEVIN ENERGY CORPORATION
STATEMENTS OF CASH FLOW
AS AT MARCH 31, 2017 and 2016

	Quarter-Ended MAR 31, 2017	Quarter-Ended MAR 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (2,249)	\$ (65)
Items not affecting cash:		
Amortization	---	---
Foreign exchange loss (gain)	---	---
Gain on write-off of payables	---	---
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	1,094	---
Due to related parties	<u>1,090</u>	<u>---</u>
Net cash used in operating activities	<u>(65)</u>	<u>(65)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>---</u>	<u>---</u>
Net cash used in investing activities	<u>---</u>	<u>---</u>
Decrease in cash and equivalents for the period	(65)	(65)
Cash and equivalents, beginning of year	<u>89,366</u>	<u>123,554</u>
Cash and equivalents, end of period	\$ 89,301	\$ 123,489
Cash paid for income taxes	\$ ---	\$ ---
Cash paid for interest	\$ ---	\$ ---

There were no significant non-cash transactions that affected cash flows from operating, financing, or investing activities during the three-month periods ending March 31, 2017 and 2016.

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

DEVIN ENERGY CORPORATION
STATEMENT OF SHAREHOLDERS' EQUITY
AS AT MARCH 31, 2017 and 2016

	Capital Stock		Deficit	Total
	Number	Amount		
Balance, January 1, 2015	8,194,412	1,916,135	\$ (2,095,765)	\$ (179,630)
Net loss for the year	-	-	(5,466)	(5,466)
Balance, December 31, 2015	8,194,412	\$ 1,916,135	\$ (2,239,825)	\$ (323,690)
Net loss for the period	-	-	(65)	(65)
Balance, March 31, 2016	8,194,412	\$ 1,916,135	\$ (2,239,890)	\$ (323,755)
Balance, December 31, 2016	8,194,412	\$ 1,916,135	\$ (2,251,977)	\$ (335,842)
Net loss for the period	-	-	(2,249)	(2,249)
Balance, March 31, 2017	8,194,412	\$ 1,916,135	\$ (2,254,226)	\$ (338,091)

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

DEVIN ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Devin Energy Corporation (the “Company”) was incorporated under the Business Corporations Act of the Province of British Columbia. The Company’s activities have focused on the acquisition, exploration, and development of oil and gas properties located in the United States.

The address of the Company’s registered office is 201 South Christy Sumner, Illinois 62466.

At the date of these financial statements, the Company has not been able to identify reserves that are economically recoverable. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify an economically recoverable reserve, to finance its exploration and evaluation costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the properties. To date, the Company has not earned revenues and is considered to be in the exploration stage.

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management is actively targeting sources of additional financing through alliances with financial, development and resource entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration and evaluation programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The financial statements do not include any adjustments relating to the recoverability and classification of asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	March 31, 2016	March 31, 2016
Working capital (deficiency)	\$ 87,847	\$ 121,607
Deficit	(2,254,226)	(2,239,889)

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars, unless otherwise stated, which is also the functional currency of the Company.

DEVIN ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (cont'd...)

Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

Critical Judgments

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of these financial statements.

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for 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 date of statement of financial position while nonmonetary 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 profit or loss.

Going Concern

Related party has agreed not to call their loan within twelve months and the Company has limited expenditures committed or expected.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the financial statements include:

Deferred tax Assets & Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of oil and gas reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Any gains or losses resulting from translation have been included in the statement of operations and comprehensive loss.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less its estimated residual value, using the declining balance method at the following rates per annum:

Computer equipment	30%
Vehicles	30%
Oil field equipment	25%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of operations and comprehensive income or loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Exploration and evaluation assets

Costs for exploring and evaluating oil and natural gas properties are capitalized within the exploration and evaluation assets. These exploration and evaluation costs include lease acquisition costs, geological and geophysical expenditures, costs of drilling and completion of wells, plant and production equipment costs and related overhead charged. Exploration and evaluation assets do not include costs of general prospecting or evaluation costs incurred prior to having obtained the legal right to explore an area, which are expensed as incurred.

Exploration and evaluation assets are not depleted or depreciated and are carried forward until technical feasibility and commercial viability is considered to be determined. The technical feasibility and commercial viability is generally considered to be determined when proved plus probably reserves are determined to exist and the commercial production of oil and gas has commenced. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant, and equipment.

DEVIN ENERGY CORPORATION
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of reclamation of oil and gas interests (exploration and evaluation assets). The net present value of future rehabilitation cost estimates is capitalized to the related assets along with a corresponding increase in the reclamation provision in the year incurred. Discount rates using pre-tax rates 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 reclamation provision. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. For the periods presented, the Company does not have any significant future reclamation costs.

Impairment of long-lived assets

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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, which is the present value of future cash flows expected to be derived from 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 the profit or loss for the year.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, 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 so that the increased carrying amount 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.

Income tax

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years. Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

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. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified its financial instruments into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL") and (2) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash and cash equivalents as FVTPL. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

The Company provides the required disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy prioritizing their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for assets and liabilities either directly or indirectly; and,

Level 3 – Inputs that are not based on observable market data.

The carrying value of accounts payable and accrued liabilities, and due to related parties, approximate their fair values due to their short terms to maturity. Cash and cash equivalents has been measured at fair value using Level 1 inputs.

Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity that results from transactions and events from sources other than the Company's shareholders. For the years presented, net loss was the same as comprehensive loss.

Adoption of new IFRS pronouncements

The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle which were effective for annual periods beginning on or after January 1, 2016. The amendments did not have an impact on the Company's consolidated financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

New accounting standards not yet adopted

The Company is currently evaluating the impact of these new standards and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 Revenue from contracts with customers: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service, effective for annual periods beginning on or after January 1, 2018.

DEVIN ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

- IFRS 16 Leases: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model, effective for annual periods beginning on or after January 1, 2019.

4. EQUIPMENT

	Computer Equipment	Vehicles	Oil Field Equipment	Total
Cost at December 31, 2014, 2015 and 2016	\$ 6,259	\$ 36,050	\$ 203,225	\$ 245,534
Accumulated depreciation at December 31, 2014	\$ 5,220	\$ 32,958	\$ -	\$ 38,178
Depreciation	311	929	-	1,240
Accumulated depreciation at December 31, 2015	5,531	33,887	-	39,418
Depreciation	218	650	-	868
Accumulated depreciation at December 31, 2016	\$ 5,749	\$ 34,537	\$ -	\$ 40,286
Net book value at December 31, 2015	\$ 728	\$ 2,163	\$ 203,225	\$ 206,116
Net book value at December 31, 2016	\$ 510	\$ 1,513	\$ 203,225	\$ 205,248

The oilfield equipment was purchased on June 19, 2007 and the Company has yet to use the equipment for its operation. Depreciation of the oilfield equipment will commence when it is capable of being operated in the manner intended by management and put into service.

5. EXPLORATION AND EVALUATION ASSETS

The Company has an 8.56% interest in the Siggins Oil Mining Project #1 located in Cumberland County, Illinois, U.S.A. The oil-mining project is currently in the exploration stage and the Company does not contribute to the exploration costs. Upon production, the Company will have an 8.56% working interest in the project.

6. SHARE CAPITAL

Share issuances

There were no share transactions during the years ended December 31, 2016 and December 31, 2015. There were no share transactions during the three-month period ending March 31, 2017.

Stock options

During the years ended December 31, 2016 and 2015, no stock options were granted. There were no stock options outstanding at December 31, 2016 and 2015. There were no options granted during the three-month period ending March 31, 2017.

Warrants

During the years ended December 31, 2016 and 2015, no warrants were granted. There were no warrants outstanding at December 31, 2016 and 2015. There were no warrants granted during the three-month period ending March 31, 2017.

DEVIN ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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7. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Vice Presidents. Remuneration accrued to key management personnel can be summarized as follows:

Key management personnel did not receive any remuneration during the three-month period ending March 31, 2017 and the years ended December 31, 2016 and 2015.

Other related parties

During quarter ending March 31, 2017, the Company accrued insurance, office and miscellaneous expenses to a company controlled by the President of the Company in the amount of \$1,090.

As of March 31, 2017, \$632,641 (December 31, 2016 - \$630,456) is included in due to related parties, and is owed to the Company controlled by the President of the Company. The amounts due to related parties are non-interest bearing, with no fixed terms of repayment. During the year ended December 31, 2016, the amounts due to related parties were classified as long term since the Company will not have to repay this amount for at least twelve months.

8. INCOME TAXES

The reconciliation of income tax provision completed at statutory rates to the reported income tax provision is as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
Net loss for the year before income taxes	\$ (12,152)	\$ (144,060)
Income tax recovery at statutory tax rates	\$ (3,000)	\$ (38,000)
Changes in unrecognized deductible temporary differences	(17,000)	31,000
Other	<u>20,000</u>	<u>(17,000)</u>
Income tax recovery	\$ -	\$ ---

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

DEVIN ENERGY CORPORATION
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8. INCOME TAXES (cont'd...)

The significant components of the Company's future tax assets after applying enacted corporate income tax rates, which have not been setup, are as follows:

	December 31, 2016	December 31, 2015
Non-capital losses	\$ 294,000	\$ 304,000
Capital assets	11,000	11,000
Exploration and evaluation assets	<u>96,000</u>	<u>103,000</u>
	401,000	418,000
Unrecognized deferred tax assets	<u>(401,000)</u>	<u>(418,000)</u>
Net future tax assets	\$ -	\$ ---

The significant deductible temporary differences, unused tax losses and expiry dates are as follows:

	December 31, 2016		December 31, 2015	
Exploration and evaluation assets	369,000	No expiry	\$ 396,000	no expiry
Equipment	42,000	No expiry	42,000	no expiry
Non-capital losses available for future periods	1,168,000	2027 - 2036	1,168,000	2015 - 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

9. FINANCIAL INSTRUMENT

Risk management

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

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is attributable to cash and equivalents. The credit risk from cash and cash equivalents is limited because they are held at major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a cash and cash equivalents balance of \$89,301 to settle current liabilities of \$1,454. The Company estimates it has sufficient working capital to continue operations for the upcoming year.

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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.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has cash balances and hold interest-bearing cash equivalents. The interest earned on the cash equivalents approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. 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 of March 31, 2017 the Company held \$84,792 (December 31, 2016 - \$84,792) in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company operates in the United States and is therefore subject to foreign currency risk as the United States dollar fluctuates with the Canadian dollar. The amounts due to related parties are denominated in \$US. For each 10% change in the Canadian dollar versus the United States dollar a \$63,000 approximate gain/loss would arise.

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 oil and gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes and components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration or development and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three-month period ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company operates in one reportable segment being the acquisition, exploration and evaluation of oil and gas resources. All of the Company's equipment and resource properties are located in the United States.