

GOLDSTRIKE RESOURCES LTD.
Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Goldstrike Resources Ltd. (“Goldstrike” or the “Company”)
1300 – 1111 West Georgia Street
Vancouver, BC
V6E 4M3

1.2 Executive Officer

Terrence E. King, Chief Executive Officer of the Company, is knowledgeable about the significant acquisition and this business acquisition report. He may be contacted at (604) 681-1310.

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On February 29, 2016, the Company and Petro One Energy Corp. (“**Petro One**”) completed a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia) pursuant to which, *inter alia*, Goldstrike acquired all of the issued and outstanding common shares of Petro One (the “**Petro One Shares**”).

Prior to the Arrangement, Petro One carried on the business of acquiring, exploring and evaluating petroleum and natural gas properties in western Canada. Discussions for the Arrangement were initiated due to continuing poor market conditions for junior resource companies, particularly in the oil and gas sector, business synergies between the two companies (including joint ownership of the Lucky Strike mineral property located in Yukon, Canada) and the potential to realize significant economies through the reduction of overhead costs.

At the time the two companies announced their intention to pursue the Arrangement on November 12, 2015, Petro One had approximately \$1,210,000 in cash plus marketable securities with a market value estimated to be in the range of \$300,000. It was assigned NI 51-101 oil reserves in the proved and probable categories as of April 30, 2015, but at the time the Arrangement was agreed none of its oil wells were economic at then current world prices for oil. In addition, Petro One had accrued reclamation and abandonment obligations estimated to cost between \$300,000 and \$500,000. Accordingly, management of Petro One determined that Petro One should allocate its liquid assets away from oil and gas.

At the time the Arrangement was agreed, Goldstrike had elevated its Plateau mineral exploration project in Yukon with the discoveries resulting from its 2015 drill program and required additional capital to advance that project and the Lucky Strike project. The Arrangement provided Goldstrike with additional working capital.

Further information about the Arrangement, Petro One and the Company can be found in Petro One's management information circular dated December 31, 2015 (the "**Petro One Circular**") sent to shareholders of Petro One in connection with its shareholder meeting called to approve the Arrangement and the Arrangement Agreement dated December 18, 2015, both of which are incorporated herein by reference pursuant to Part 1(d) of Form 51-102F4 and copies of which have been filed under Petro One's profile on SEDAR at www.sedar.com.

2.2 Acquisition Date

February 29th, 2016

2.3 Consideration

Goldstrike provided the following consideration to security holders of Petro One and Goldstrike on completion of the Arrangement:

- Petro One shareholders received one Goldstrike share for each four shares of Petro One beneficially owned by them, resulting in the issuance of 18,111,487 Goldstrike Shares to former holders of Petro One Shares.
- Holders of Petro One warrants exercisable to purchase an aggregate of 17,186,264 Petro One shares at prices of \$0.375 and \$0.80 received one Goldstrike warrant (each a "**New GSR Warrant**") exercisable to purchase one Goldstrike share for \$0.15 until Oct. 7, 2016 for each of such Petro One warrants.
- The exercise price of an aggregate of 8,307,679 Goldstrike warrants then exercisable to purchase Goldstrike shares at prices between \$0.25 and \$0.80 until June 15, 2016 were reduced to \$0.15 without any extension of their exercise term.
- The exercise term of outstanding Goldstrike warrants then exercisable to purchase an aggregate of 4,000,000 Goldstrike shares for \$0.10 until July 10, 2014 was extended to Oct. 7, 2016.
- All outstanding Petro One incentive stock options were cancelled and Goldstrike issued one stock option exercisable to purchase one Goldstrike share for \$0.10 in respect of each four Petro One stock options which were cancelled, in each case exercisable until the original expiry date of the cancelled Petro One option, resulting in the issuance of 2,712,500 options to former holders of Petro One options.
- The exercise prices of outstanding Goldstrike incentive stock options

exercisable to purchase an aggregate of up to 9,390,000 Goldstrike shares were reduced to \$0.10 without any changes to their original expiry dates.

- Goldstrike acquired Petro One's 30% interest in the Lucky Strike property, giving it a 100% ownership interest, and issued warrants (the "Consideration Warrants") exercisable for five years to purchase 9,055,742 Goldstrike shares at the price of \$0.10 each as consideration therefor.

There was no financing associated with the Arrangement. Amendments to warrants held by "finders" is prohibited by TSXV Policy 4.1, s. 3.1. Accordingly, on completion of the Arrangement, "finders" holding an aggregate of 1,027,470 Petro One warrants exercisable to purchase one share for \$0.375 received an aggregate of 1,027,470 Goldstrike warrants exercisable to purchase one share for \$0.375 in exchange for their Petro One warrants, and outstanding warrants of Goldstrike held by "finders" remained, as to 1,990,000 of such warrants, exercisable to purchase one Goldstrike share for \$0.40 until March 21, 2016 (now expired) and as to 80,000 of such warrants, exercisable to purchase one Goldstrike share for \$0.66 until April 11, 2016 (now expired). On completion of the Arrangement, the Consideration Warrants were transferred to The Gold Bank Trust, which currently has Goldstrike as its sole beneficiary.

2.4 Effect on Financial Position

Upon completion of the Arrangement, Petro One became a wholly-owned subsidiary of the Company. The business and operations of Petro One remain separate from those of the Company.

The Company intends to cause Petro One to abandon and reclaim two oil wells and Petro One will be able to either market its oil and gas assets or inventory them for future reconsideration. However, Petro One does not have any current plans for material changes in its business affairs or the affairs of Petro One which may have a significant effect on the financial performance and financial position of the Company, including any proposal to liquidate the business of Petro One, to sell, lease or exchange all or a substantial part of its assets, to amalgamate Petro One's business with any other business organization or to make any material changes to the business or corporate structure of the Company or Petro One.

Subsequent to completion of the Arrangement, Terrence E. King, Paul Reynolds, and Richard Kosick resigned as directors of Petro One; Mr. King also resigned as Chief Executive Officer and Chairman; Peter Bryant remains as the sole director and President of Petro One; William Chornobay remains as the Chief Operating Officer of Petro One; and Yilu (Lucy) Zhang remains as the Chief Financial Officer of Petro One. Goldstrike's management team and Board of Directors remain unchanged following completion of the Arrangement. The information set out above is a summary only and is qualified in its entirety by the information contained in the Petro One Circular.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

The transaction did not involve an informed person, associate or affiliate of Goldstrike, as such terms are defined under National Instrument 51-102 – Continuous Disclosure Obligations, except to the extent disclosed in the Petro One Circular.

2.7 Date of Report

May 5, 2016

Item 3 Financial Statements and Other Information

The following financial statements and related notes thereto are included as part of this Business Acquisition Report as **Appendix A**:

- a) the audited financial statements of Petro One for the years ended April 30, 2015 and 2014, together with the notes thereto and the auditor's report on the consolidated financial statements for the year ended April 30, 2014; and
- b) the unaudited interim financial statements of Petro One for the three and nine months ended January 31, 2016 together with the notes thereto.

The auditors of the Corporation have not given their consent to the inclusion of their audit report in this Report.

FORWARD-LOOKING STATEMENTS

This business acquisition report and the Petro One Circular contain “forward-looking information” within the meaning of applicable Canadian securities legislation, (referred to as “forward-looking information”). All statements, other than statements of historical fact, may be forward-looking information. Forward looking information can be identified by the use of statements that include words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", “scheduled”, “implementing”, "intend", "could", "might", "should", "believe" and similar words or expressions. Information provided in this business acquisition report is necessarily summarized and may not contain all available material information. Forward-looking information in this business acquisition report includes, but is not limited to, the future plans, objectives and/or expectations of the Company and Petro One.

Forward-looking information expresses, as at the date of this business acquisition report, plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. All such forward-looking information is based on certain assumptions, estimates, expectations, analyses and opinions made by management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Assumptions upon which such forward-looking information is based include, without limitation: no significant event occurring outside of the ordinary course of business of Goldstrike and Petro One; legislative and regulatory environments; impact of increasing competition; current technological trends; prices of gold and oil and gas; costs of development and production; anticipated results of exploration and development activities; Goldstrike's and/or Petro One's ability to operate in a safe and effective manner; and ability to obtain financing on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive.

Goldstrike's and Petro One's actual results, programs and financial position could differ materially from those anticipated in such forward-looking information as a result of numerous factors, risks and uncertainties, many of which are beyond Goldstrike's and Petro One's control. These include, but are not limited to: possible variations in mineral resource and reserve estimates; grade/concentration or recovery rates; gold or oil and gas prices; operating or capital costs; changes in project parameters as plans continue to be refined; legislative changes that impact the operations in which Goldstrike and Petro One conduct business; results of exploration activities and development of mineral properties; interpretation of geological data; receipt and security of mineral property titles; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes; the inability to obtain key personnel and parts related to operations; receipt of licenses to conduct mining activities; country and political risks; civil unrest; community relations; timing and possible outcome of pending litigation; liabilities and risks, including environmental liabilities and risks inherent in the development and production of Goldstrike's and Petro One's properties; cost overruns or unanticipated costs and expenses; the availability of funds; currency fluctuations; general market and industry conditions; competition; the business of the companies not being integrated successfully or such integration proving more difficult, time consuming or costly than expected; risk of putting a project into production without first completing a feasibility study; and delays in obtaining governmental and regulatory approvals, as well as those factors more fully described under the heading "Risk Factors" in Goldstrike's quarterly and annual financial statements and most recently filed management discussion & analysis, and described under the heading "Risk Factors" in Petro One's quarterly and annual financial statements and recently filed management discussion & analysis, available on SEDAR. There is no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information. Goldstrike does not intend, and expressly disclaims any obligation to, update any forward-looking information whether as a result of new information, future events or otherwise, except as, and to the extent required by, applicable securities laws.

APPENDIX A

Financial Statements

PETRO ONE ENERGY CORP.

**Financial Statements
April 30, 2015 and 2014
(Expressed in Canadian Dollars)**

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PETRO ONE ENERGY CORP.

We have audited the accompanying financial statements of Petro One Energy Corp., which comprise the statements of financial position as at April 30, 2015 and 2014, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Petro One Energy Corp. as at April 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 financial statements, which describes matters and conditions that indicate the existence of material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Professional Accountants

Vancouver, British Columbia August 26, 2015

PETRO ONE ENERGY CORP.
Statements of Financial Position
As at April 30
(Expressed in Canadian Dollars)

	Note	2015	2014
Assets			
Current Assets			
Cash and cash equivalents	3	\$ 1,423,693	\$ 525,291
Accounts receivable	3	36,259	61,683
Prepaid expenses		91,887	34,156
		1,551,839	621,130
Non-Current Assets			
Deposits		30,000	30,150
Investments	4	466,090	142,273
Investment in associate	5	521,390	720,000
Equipment	6	4,454	4,322
Petroleum and natural gas interests	7	7,833,983	13,246,850
		\$ 10,407,756	\$ 14,764,725
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	3, 11	\$ 286,580	\$ 476,405
		286,580	476,405
Non-Current Liabilities			
Decommissioning liabilities	9	390,050	334,232
		676,630	810,637
Shareholders' Equity			
Capital Stock	10	30,253,872	27,238,049
Reserves		4,685,107	2,743,969
Deficit		(25,207,853)	(16,027,930)
		9,731,126	13,954,088
		\$ 10,407,756	\$ 14,764,725

Approved On behalf of the Board:

"Terrence E. King"

..... Director

Terrence E. King

"Peter Bryant"

..... Director

Peter Bryant

PETRO ONE ENERGY CORP.
Statements of Operations and Comprehensive Loss
For the years ended April 30
(Expressed in Canadian Dollars)

	Notes	2015	2014
General and Administrative Expenses			
Accounting and audit	11	\$ 130,567	\$ 129,672
Accretion	9	4,813	3,948
Advertising, promotion and travel		26,932	6,946
Amortization of equipment	6	(132)	23,937
Investor relations		18,825	16,050
Legal fees	11	210,140	102,946
Management fees	11	76,962	61,250
Office, administration and telephone	11	178,926	168,395
Rent	11	59,400	60,400
Share-based payments	10, 11	1,894,787	1,002
Transfer agent and filing fees		48,354	34,922
		2,649,574	609,468
Interest income		(14,657)	(11,121)
Royalty income		(30,507)	(75,244)
Option payments received in excess of capitalized costs	5	-	(280,000)
Gain on disposal of petroleum and natural gas interests	7	-	(21,084)
Write-off of petroleum and natural gas interests	7	6,700,350	32,737
Write-off of mineral property interests	8	-	25,760
Loss on disposal of well-site equipment	7	476	-
Fair value adjustment on investments	4	(323,817)	803,452
Share of net loss of associate	5	198,610	1,010,000
Write-off accounts payable		-	(32,146)
Net Loss and Comprehensive Loss for the Year		\$ 9,180,029	\$ 2,061,822
Loss Per Share, basic and diluted	14	\$ 0.14	\$ 0.04
Weighted Average Number of Common Shares Outstanding		66,562,836	58,889,567

PETRO ONE ENERGY CORP.
Statements of Changes in Shareholders' Equity
For the years ended
(Expressed in Canadian Dollars)

	Capital Stock		Reserves	Deficit	Total Equity
	Shares	Amount			
Balance, April 30, 2013	58,889,567	\$ 27,238,049	\$ 2,896,288	\$ (14,119,429)	\$ 16,014,908
Net loss for the year	-	-	-	(2,061,822)	(2,061,822)
Expired warrants	-	-	(153,321)	153,321	-
Share-based payments	-	-	1,002	-	1,002
Balance, April 30, 2014	58,889,567	27,238,049	2,743,969	(16,027,930)	13,954,088
Net loss for the year	-	-	-	(9,180,029)	(9,180,029)
Private placement	13,043,371	3,260,843	-	-	3,260,843
Share issuance costs	-	(318,563)	-	-	(318,563)
Exercised warrants	513,000	281,488	(161,488)	-	120,000
Finder's warrants issued	-	(207,945)	207,945	-	-
Expired warrants	-	-	(106)	106	-
Share-based payments	-	-	1,894,787	-	1,894,787
Balance, April 30, 2015	72,445,938	\$ 30,253,872	\$ 4,685,107	\$ (25,207,853)	\$ 9,731,126

PETRO ONE ENERGY CORP.
Statements of Cash Flows
For the years ended April 30
(Expressed in Canadian Dollars)

	2015	2014
Operating Activities		
Net loss	\$ (9,180,029)	\$ (2,061,822)
Items not involving cash		
Share-based payments	1,894,787	1,002
Accretion	4,813	3,948
Amortization of equipment	(132)	23,937
Share of net loss of associate	198,610	1,010,000
Fair value adjustment on investments	(323,817)	803,452
Option payments received in excess of capitalized costs	-	(230,000)
Gain on disposal of petroleum and natural gas interests	-	(21,084)
Loss on disposal of well-site equipment	476	-
Write-off of mineral property interest	-	25,760
Write-off of petroleum and natural gas interest	6,700,350	32,737
	(704,942)	(412,070)
Changes in non-cash working capital		
Accounts receivable	25,424	(9,450)
Prepaid expenses and deposits	(57,581)	2,777
Accounts payable and accrued liabilities	(374,288)	330,260
	(406,445)	323,587
Cash Used in Operating Activities	(1,111,387)	(88,483)
Investing Activities		
Purchase of equipment	-	(2,633)
Petroleum and natural gas property acquisition and expenditures	(1,052,491)	(690,721)
Recovery from joint venture agreement	-	50,000
Proceeds of disposal of petroleum and natural gas interest	-	105,000
Cash Used in Investing Activities	(1,052,491)	(538,354)
Financing Activities		
Issuance of common shares, net of share issuance costs	2,942,280	-
Proceeds from exercise of warrants	120,000	-
Cash Provided by Financing Activities	3,062,280	-
Inflow (Outflow) of Cash	898,402	(626,837)
Cash and Cash Equivalents, Beginning of Year	525,291	1,152,128
Cash and Cash Equivalents, End of Year	\$ 1,423,693	\$ 525,291
Cash and cash equivalents are comprised of:		
Cash (bank indebtedness)	\$ (16,307)	\$ 17,291
Cash equivalents	1,440,000	508,000
	\$ 1,423,693	\$ 525,291

Supplemental Cash Flow Information (Note 12)

1. NATURE OF OPERATIONS AND GOING CONCERN

Petro One Energy Corp. ("Petro One" or the "Company") is an exploration stage company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to receiving shareholders' approval, the Company continued into British Columbia from the Jurisdiction of Canada under the Business Corporations Act on April 23, 2010. The Company is in the business of acquiring, exploring and evaluating petroleum and natural gas as well as natural resource properties in western Canada.

The head office, principal address, records office and registered address of the Company are located at 1111 West Georgia Street, Suite 1300, Vancouver, British Columbia, Canada, V6E 4M3.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As at April 30, 2015, the Company had an accumulated deficit of \$25,207,853 (2014 - \$16,027,930) and working capital of \$1,265,259 (2014 - \$144,725), which is sufficient to meet the Company's short-term business requirements, but not sufficient to achieve the long-term planned business objectives. The recoverability of amounts shown for its petroleum and natural gas interests and mineral property interests and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. There can be no assurance that management's plans will be successful. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The financial statements of the Company were authorized for issue by the Board of Directors on August 26, 2015.

The financial statements for the year ended April 30, 2015 were prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board.

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

The significant accounting policies of the Company include the following.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates made in the preparation of these financial statements include assessments of impairment for mineral property interests and petroleum and natural gas interests, determination of decommissioning liability, the rates of amortization of property and equipment, accrued liabilities, assumptions for the determination of fair value of share-based payments and determination of valuation allowance for deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Reserve estimates impact a number of the areas referred to above, in particular the valuation of petroleum and natural gas interests and the calculation of depletion of petroleum and natural gas.

Critical accounting judgments

Reserves

The estimate of oil and natural gas reserves is integral in assessing whether the carrying value of any of the Company's petroleum and natural gas properties and exploration and evaluation assets have been impaired. Changes in reported reserves can impact asset carrying values due to changes in expected future cash flows.

The Company's Proved and Probable reserves are evaluated and reported on by independent reserve engineers at least annually in accordance with Canadian Securities Administrators' National Instrument 51-101 Standards of Disclosure of Oil and Gas Activities ("NI 51-101"). Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is 90% likely that the actual remaining quantities recovered will exceed the estimated Proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than Proved reserves. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgment and interpretation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments (Continued)

Identification of cash-generating units ("CGUs")

The Company's assets are aggregated into CGUs for the purpose of calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regards to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

Recoverability of asset carrying values

At each reporting date, the Company assesses its petroleum and natural gas properties and exploration and evaluation assets for possible impairment, to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. Changes in circumstances may impact these estimates which may impact the recoverable amount of assets. Any change in the impairment loss or reversal of impairment loss could have a material financial impact in future periods.

Classification of investments as associated company

Classification of investments requires judgment on whether the Company has joint significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of influence that the Company has over an investment, management considers ownership percentages, board representation, and participation in policy making processes, material transactions between the investor and investee, and common management. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

The Company has classified its investments in Goldstrike Resources Ltd. as associated company based on management's judgment that the Company has significant influence, based on common board representation and management and other transactions with the investee.

Classification of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances and as to whether economic quantities of reserves will be found so as to assess if technical feasibility and commercial viability have been achieved.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments (Continued)

Critical Accounting Estimates

Decommissioning obligations

Decommissioning costs will be incurred by the Company many years into the future. Amounts recorded for decommissioning obligations require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third party information and calculations are subject to changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions, and changes in clean up technology. Actual costs and outflows can differ from estimates and may have a material impact on earnings or financial position. For more information on the Company's decommissioning obligations see Note 9.

Share-based payments

The Company measures the cost of its share-based payments to directors, officers, employees and certain consultants by reference to the fair value of the equity instruments using the Black-Scholes option pricing model at the date they are granted. The assumptions used in determining fair value include: expected life of the options, risk-free rates of return and stock price volatility. Changes to assumptions may have a material impact on the amounts presented. For more information on the Company's share-based payments see Note 10(c).

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. These differences could materially impact earnings.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on deposit and short-term, highly liquid interest-bearing investments that are readily convertible into known amounts of cash, within 90 days or less from when acquired.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(c) Financial instruments

(i) Financial assets

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-maturity ("HTM");
- Available-for-sale ("AFS"); and
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL financial assets

Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The company's cash and cash equivalent and investments is classified as fair value through profit or loss.

HTM investments

HTM investments are recognized on a trade-date basis and are initially measured, and subsequently carried, at fair value using the effective interest rate method. The Company does not have any assets classified as HTM investments.

AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized as other comprehensive income or loss and classified as a component of equity. When a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of accounts receivable.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(c) Financial instruments (Continued)

(ii) Financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities are comprised of accounts payable and accrued liabilities.

Additional disclosure on the measurement of financial instruments is provided in Note 5.

(d) Investment in associate

The Company conducts a portion of its business through equity interests in associates. An associate is an entity over which the Company has significant influence, and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate, but does not have control or joint control over those policy decisions.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associate is recognized in net earnings during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

Intercompany transactions between the Company and its associate are recognized only to the extent of unrelated investors' interests in the associate. Intercompany balances between the Company and its associate are not eliminated.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs to sell and value-in-use. If the recoverable amount of an investment in associate is less than its carrying

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(d) Investment in associate (Continued)

amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings in the period in which the reversal occurs.

(e) Joint interest operations

Some of the Company's petroleum and natural gas activities are jointly conducted with other venturers who have direct ownership in and jointly control the operations of the ventures. Accordingly the financial statements reflect the Company's share of joint assets, liabilities, revenues and expenses.

(f) Depreciation

Equipment is recorded at cost less accumulated depreciation and impairment loss. These assets are depreciated over their estimated useful lives on the declining-balance basis at the following annual rates:

Computer equipment	- 45% to 55%
Computer software	- 100%
Office equipment	- 20%

In the year of acquisition, amortization is recorded based on one-half of net additions.

(g) Impairment

Exploration and evaluation assets are assessed for impairment when they are reclassified to developing and producing assets, as petroleum and natural gas properties, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment is recorded when the recoverable amount of an asset is less than the respective carrying amount. Recoverable amount is the higher of its fair value less cost to sell and value in use. Fair value is the price that would be received from selling an asset in an orderly transaction between market participants. Fair value less costs to sell can be determined by using an observable market or by using discounted future net cash flows of Proved and Probable reserves using forecasted prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(g) Impairment (Continued)

Exploration and evaluation assets are grouped together with the Company's CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to developing and producing assets (petroleum and natural gas properties).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce carrying amounts of other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

(h) Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property interest acquisition costs and exploration expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, sold or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written off in the period in which a decision to discontinue the project is made, or an impairment has occurred.

All deferred mineral property expenditures are assessed for impairment when facts and circumstances suggest that the carrying amount of the mineral property interests may exceed its recoverable amount. For the purposes of impairment testing, mineral property interests are tested at the cash-generating unit level.

When the carrying value of a mineral property interest exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, or by reference to option or joint venture expenditure commitments, or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, payments are recorded as mineral property interest costs or recoveries when the payments are made or received. Proceeds received on the sale or options of the Company's property interest are recorded as a reduction of the mineral property cost prorated for the interest sold or optioned out. When proceeds received in respect of a property exceed its carrying cost or pro-rated carrying cost, such excess is recognized in the statement of operations and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(i) Petroleum and natural gas interests

Exploration license and unproved property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability. The Company's petroleum and natural gas interests in southeastern Saskatchewan and southwestern Manitoba are in the exploration stage. As the Company has not yet commenced commercial production of petroleum and natural gas products, any revenues in the development stage from test wells or other incidental production is treated as a recovery of capitalized exploration costs.

The assessment of technical feasibility and commercial viability is based upon estimates of the recoverability of capitalized costs by future exploitation or sale and where the activities have reached a stage that permits a reasonable assessment of the existence of proved reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

When technical feasibility and commercial viability of a well is determinable based on management's assessment of current information, the exploration and evaluation assets attributable to that well are first tested for impairment and then reclassified from exploration and evaluation assets to property and equipment.

(j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the risks have not been incorporated into the estimate of cash flows. The increase in the provision due to the passage of time is recognized within accretion expense.

Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning liabilities are measured at the present value of management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Changes in the present value of the estimated expenditure are reflected as an adjustment to the provision and relevant asset. The unwinding of the discount on the decommissioning provision is recognized as accretion expense. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision was recognized.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(k) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of operations and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Revenue recognition

Interest income is recorded as earned at the effective rate of interest over the term to maturity. Royalty income is recorded as earned in accordance with petroleum and natural gas farm-out agreements.

(m) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of the options to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes option pricing model. For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Amounts recorded in reserves for unexercised share options and warrants are transferred to deficit upon their expiration.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(n) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Capital stock

Proceeds from the exercise of share options and warrants, plus the amount originally recognized in reserves for the options or warrants are recorded as capital stock. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

(o) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period-end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are measured at historical costs and are translated to the functional currency at the exchange rate prevailing on the date the asset was acquired or liability assumed. Revenues and expenses (excluding depreciation, depletion and accretion, which are translated at the same rate as the related asset or liability) are translated at the exchange rate in effect on the date of the transaction. Foreign currency differences arising on translation are recognized in net income (loss) during the period incurred.

(p) Accounting policies adopted

Effective May 1, 2014, the Company adopted the following:

- (i) Amendment to IAS 36 *Impairment of Assets* requires additional disclosure on the recoverable amounts of an impaired CGU. The adoption of this amendment had no impact on the amounts recorded in the financial statements for the year ended April 30, 2015 or on the comparative periods.
- (ii) IFRIC 21 *Levies* clarifies the requirements for recognizing a liability for a levy imposed by a government. The adoption of this standard had no impact on the amounts recorded in the financial statements for the year ended April 30, 2015 or on the comparative periods.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(q) New accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards. The Company is currently assessing the impact of these pronouncements.

(i) IFRS 9 *Financial Instruments* (2014) is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Applicable to the Company's annual period beginning on May 1, 2018.

(ii) IFRS 15 *Revenue from Contracts with Customers* provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning on May 1, 2018. The Company has not assessed the impact of this pronouncement.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Fair value

The Company has classified its cash and cash equivalents and investments as FVTPL; accounts receivable, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities.

The carrying values of accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

The Company provides information about its financial instruments measured at fair value at one of the 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 asset or liability;

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).

The Company's measurement of fair value of financial instruments as at April 30, 2015 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$1,423,693	\$1,423,693	\$ -	\$ -
Investments	\$ 466,090	\$ -	\$ 466,090	\$ -

The Company's measurement of fair value of financial instruments as at April 30, 2014 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 525,291	\$ 525,291	\$ -	\$ -
Investments	\$ 142,273	\$ -	\$ 142,273	\$ -

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

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Cash and cash equivalents are placed with major Canadian financial institutions rated in the two highest grades by nationally recognized ratings agencies. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at major Canadian financial institutions.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	April 30, 2015		April 30, 2014	
Guaranteed investment certificates	\$	1,440,000	\$	508,000
Cash (bank indebtedness)		(16,307)		17,291
Accounts receivable		36,259		61,683
	\$	1,459,952	\$	586,974

The cashable guaranteed investment certificates at April 30, 2015 earn interest at an average rate of 1.05%.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash and cash equivalents at April 30, 2015 in the amount of \$1,423,693 (2014 - \$525,291) in order to meet short-term business requirements. At April 30, 2015, the Company had accounts payable and accrued liabilities of \$286,580 (2014 - \$476,405). The Company is currently in disputes for an amount included in accounts payable and accrued liabilities of \$198,586 charged by a contractor for field and related services during 2011, and will contest liability in the event of any legal claim. The remaining amounts are payable in less than 90 days.

During the year ended April 30, 2014, the Company wrote-off \$32,146 of accounts payable relating to charges incurred in the period before 2011, which the Company believes it will not be required to settle by way of payment.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(d) Market risk (Continued)

(i) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of April 30, 2015. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to significant other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, either directly or indirectly.

A 20% decrease in the quoted market price of Goldstrike Resources Ltd. ("Goldstrike") based on the April 30, 2015 trading price of the underlying shares over the initial acquisition price would increase the Company's net loss and comprehensive loss by approximately \$129,000 (2014 - \$45,000).

4. INVESTMENTS

In June 2011, the TSX-V approved two option agreements between the Company and Goldstrike, related by common directors and officers, to allow the Company to divest 70% of its interest in Lucky Strike and 100% of its interest in BRC properties to Goldstrike. Upon the closing of the transaction on June 15, 2011 (the "closing date"), the Company received 4,000,000 Goldstrike common shares representing 9% of the issued and outstanding shares of Goldstrike and 4,000,000 Goldstrike share purchase warrants exercisable at \$0.25 and 3,000,000 Goldstrike share purchase warrants exercisable at \$0.70, expiring five years from closing date. The Company recognized a \$6,542,721 gain from this consideration received in excess of capitalized costs of the mineral properties optioned out to Goldstrike.

The Goldstrike share purchase warrants are classified as financial assets held at FVTPL and the Goldstrike common shares are accounted for using the equity method (note 5). The fair values of the investments are as follows:

	Number of Warrants	Cost	Fair Value
Goldstrike warrants, as at April 30, 2015	7,000,000	\$ 4,877,701	\$ 466,090
Goldstrike warrants, as at April 30, 2014	7,000,000	\$ 4,877,701	\$ 142,273

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4. INVESTMENTS (Continued)

The warrants were valued using the Black-Scholes option pricing model with the following weighted average assumptions and resulting grant date fair value:

	April 30, 2015	April 30, 2014
Risk-free interest rate	0.68%	1.18%
Dividend yield	0%	0%
Expected stock price volatility	191%	123%
Weighted average expected life	1.13 years	2.13 years
Grant date fair value of underlying share	\$0.14	\$0.07

The Company recognized a net unrealized gain of \$323,817 (2014 - loss of \$803,452) related to the holding of share purchase warrants for year ended April 30, 2015.

5. INVESTMENT IN ASSOCIATE

The Company's holds a total of 6,000,000 common shares of Goldstrike, which is accounted for using the equity method, as it is able to exert significant influence, and includes the Company's pro-rata share of changes in Goldstrike's equity since June 15, 2011.

	Carrying Value
Carrying value at April 30, 2013	\$ 1,500,000
Fair value of Goldstrike investment acquired under option agreement	230,000
Share of loss for year ended April 30, 2014	(834,606)
Impairment expense of investment in associate	(175,394)
Carrying value at April 30, 2014	720,000
Share of loss for year ended April 30, 2015	(145,769)
Loss on dilution	(52,841)
Carrying value at April 30, 2015	\$ 521,390

Summarized financial information for Goldstrike as at March 31, 2015 and for the three months then ended, and as at December 31, 2014 and 2013 and for the years then ended is as follows:

	March 31, 2015	December 31, 2014	December 31, 2013
Total assets	\$ 7,534,899	\$ 6,688,891	\$ 7,847,487
Total liabilities	\$ 94,595	\$ 36,950	\$ 78,423
Net loss	\$ 191,592	\$ 1,830,197	\$ 10,018,537
Revenues	\$ 9,391	\$ 4,901	\$ 23,720

During the year ended April 30, 2015, the Company recognized \$nil impairment loss (2014 - \$175,394) on its net investment in associate arising from the underlying fair value of Goldstrike shares.

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6. EQUIPMENT

	Computer Equipment		Computer Software		Office Equipment		Total Equipment
COST							
Balance at April 30, 2013	\$	8,337	\$	183,707	\$	1,525	\$ 193,569
Additions		-		2,634		-	2,634
Balance at April 30, 2014		8,337		186,341		1,525	196,203
Additions		-		-		-	-
Balance at April 30, 2015	\$	8,337	\$	186,341	\$	1,525	\$ 196,203
ACCUMULATED AMORTIZATION							
Balance at April 30, 2013	\$	3,505	\$	163,953	\$	486	\$ 167,944
Amortization		2,658		21,071		208	23,937
Balance at April 30, 2014		6,163		185,024		694	191,881
Amortization		1,133		1,749		161	3,043
Adjustment		(438)		(2,718)		(19)	(3,175)
Balance at April 30, 2015	\$	6,858	\$	184,055	\$	836	\$ 191,749
CARRYING VALUE							
Balance at April 30, 2014	\$	2,174	\$	1,317	\$	831	\$ 4,322
Balance at April 30, 2015	\$	1,479	\$	2,286	\$	689	\$ 4,454

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7. PETROLEUM AND NATURAL GAS INTERESTS

		Well Equipment	Acquisition and Lease	Exploration and Development	Total
COST					
Balance at April 30, 2013	\$	821,658	\$ 3,476,512	\$ 8,858,821	\$ 13,156,991
Additions		-	144,300	560,658	704,958
Recovery		-	(9,017)	(40,983)	(50,000)
Disposals		-	(44,315)	(39,601)	(83,916)
Write-off		-	(24,242)	(8,495)	(32,737)
Balance at April 30, 2014		821,658	3,543,238	9,330,400	13,695,296
Additions		4,097	78,956	1,305,357	1,388,410
Disposals		(476)	-	-	(476)
Write-off		-	(2,725,010)	(3,975,340)	(6,700,350)
Balance at April 30, 2015	\$	825,279	\$ 2,200,237	\$ 5,357,364	\$ 8,382,880
ACCUMULATED AMORTIZATION					
Balance at April 30, 2013	\$	288,498	\$ -	\$ -	\$ 288,498
Additions		159,948	-	-	159,948
Balance at April 30, 2014		448,446	-	-	448,446
Additions		100,451	-	-	100,451
Balance at April 30, 2015	\$	548,897	\$ -	\$ -	\$ 548,897
CARRYING VALUE					
April 30, 2014	\$	373,212	\$ 3,543,238	\$ 9,330,400	\$ 13,246,850
April 30, 2015	\$	276,382	\$ 2,200,237	\$ 5,357,364	\$ 7,833,983

- (a) During the year ended April 30, 2013, the Company signed a farm-in agreement with PrairieSky Royalty Ltd. ("PrairieSky"), acquiring a 100% working interest in two sections in southeastern Saskatchewan. The Company has to complete the following commitment to earn 100% of the PrairieSky's Pre-Farmout working interests:

- Complete a seismic program on or before October 30, 2012 (completed); and
- Drill a test well at a location of the Company's choice on the Farmout Lands on or before February 28, 2015 (fulfilled)

On November 20, 2012, the Company made a cash payment of \$15,000 to PrairieSky in return for an extension of the deadline for completion of drilling of the test well from January 25, 2013 to July 31, 2013. On May 3, 2013, the Company paid an additional cash payment of \$15,000 to extend the deadline to December 31, 2013. In November 2013, the Company made a third payment of \$15,000 extending the deadline to October 31, 2014. In October 2014, the Company made a fourth payment of \$50,000 extending the deadline to February 28, 2015. The \$50,000 payment was agreed to be a non-refundable cash advance against future royalties payable by the Company.

7. PETROLEUM AND NATURAL GAS INTERESTS (Continued)

(a) (Continued)

The Company spudded a commitment well in December 2014 and completed the well in January 2015, therefore earned it's 100% working interest in these two sections of land.

- (b) During the year ended April 30, 2013, the Company signed a farm-out and royalty agreement with ARC Resources Ltd. ("ARC"), on its 100% controlled J10 property at Bromhead, Saskatchewan. By paying 100% of the drilling and completion costs, ARC earned a 100% before payout interest in the Test Well Spacing Unit to the base of the lowest formation penetrated, subject to a 10% gross overriding royalty (the "GOR") in favour of Petro One. The GOR may be converted into a 30% working interest at the option of Petro One within 30 days after receiving notice of Payout. As of April 30, 2015, the Company has not received notice of Payout.
- (c) On May 21, 2013, the Company completed the sale of its 100% owned J11 property in the Hardy Minton area of southeastern Saskatchewan. Under the terms of the agreement, the Company received \$105,000 cash and a 7.5% GOR on all future oil production, surface to basement, for its working interest in the property.
- (d) On October 31, 2013, the Company surrendered the lease of its J19 property in the Minton area of southeastern Saskatchewan and wrote off the carrying value of the property of \$32,737 accordingly.
- (e) On February 14, 2014, the TSX-V approved a joint venture agreement between the Company and Goldstrike to drill oil wells on leases controlled by the Company in Manitoba and Saskatchewan whereby Goldstrike has the right to earn a 50% working interest in certain of those wells subject to funding contributions and drilling results.

The first well contemplated under the agreement is Well #SR1 in the South Reston property in Manitoba. In order to acquire a 50% working interest in Well #SR1, Goldstrike was required to share the cost of drilling the well on a 50/50 basis with the Company. Upon executing the joint venture agreement, Goldstrike made payments to the Company of \$50,000 and \$650,000 (Goldstrike's expected share of drilling, testing and completion expenses, recorded in accounts payable).

On May 6, 2014, the Company and Goldstrike amended their joint venture. Under the terms of the amended agreement, Goldstrike will pay 100% of the testing and equipping costs to earn a 50% working interest J5 Milton property's 6A-15 well.

In November 2014, the Company and Goldstrike made a further amendment to the joint venture agreement dated November 20, 2013. Under the amended agreement, the Company proposed to proceed with a re-work and test of Well #SR1. The Company will carry out the #SR1 test and advance 100% of the #SR1 test costs. Goldstrike will be entitled to 50% of the Company's working interest in Well #SR1, with no additional costs, in the event that the Company is reimbursed for all SR1 test costs by a third party upon completion of the #SR1 test. In the event that funding is not received from a third party, Goldstrike will be entitled to a 25% working interest in Well #SR1, at no additional cost after the Company has recovered production from Well #SR1.

7. PETROLEUM AND NATURAL GAS INTERESTS (Continued)

(e) (Continued)

If the Company sells, farms-out or otherwise disposes of all or any portion of the South Reston property to a third party prior to May 6, 2016, Goldstrike will be entitled, at no additional cost, to:

- 1) the lesser of \$350,000 and 10% of any cash (or equivalent) received by the Company from such third party on completion of such transaction; and
- 2) 50% of any GORR received by the Company on production from Well #SR1 and production from the first well drilled on the South Reston property with funds provided by such third party; and
- 3) the lesser of a 25% working interest and 50% of the Company's working interest in Well #SR1 and the first well drilled on the South Reston property with funds provided by such third party.

As of April 30, 2015, the Company and Goldstrike had incurred expenses of approximately \$210,000 and \$499,801, respectively, in drilling, testing and partially completing Well #SR1.

- (f) On July 25, 2014, the Company entered a Program Earning and Joint Venture Agreement with Korea Myanmar Development Corporation ("KMDC"), which provided for a \$4,000,000 through a private placement financing of 16,000,000 units ("PP#1"), each unit consists of one common share and one warrant with each warrant entitling the holder to purchase one common share, and a \$14,000,000 fund to drill up to 11 oil wells and conduct production tests on one previously drilled well on certain of the Company's petroleum and natural gas leases by November 30, 2014. KMDC will have the option to provide additional funding in an amount between \$42,000,000 to \$82,000,000 for additional financing.

As of April 30, 2015, KMDC and KMDC Resources Ltd. ("Resources"), a subsidiary of KMDC, only completed \$2,000,000 of PP#1 issuing 8,000,000 units and did not purchase or arrange for other persons to purchase the remaining 8,000,000 units having an aggregate subscription price of \$2,000,000 by November 30, 2014. As a breach of this commitment, on December 1, 2014 Resources forfeited the purchase of 2,600,000 units of the remaining 8,000,000 units of the Company pursuant to the arrangement. KMDC and associated parties remain contractually obligated to fund the \$2,450,000 balance of PP#1 and, in addition, to advance \$14,000,000 to the Company for the drilling fund provided for in the original Program Earning and Joint Venture Agreement for a combined obligation totaling \$16,450,000.

- (g) By the year ended April 30, 2015, the Company surrendered four mineral leases in Saskatchewan and four mineral leases in Manitoba, and wrote-off the aggregated carrying value of \$1,253,118 accordingly.

7. PETROLEUM AND NATURAL GAS INTERESTS (Continued)

- (h) Three mineral leases in Manitoba have expired or are expiring subsequent to year ended April 30, 2015. The Company decided to surrender these leases, in light of the current market conditions, which resulted in an aggregated write-off of the carrying value of these properties as of April 30, 2015 in the amount of \$1,066,049 (2014- \$nil).
- (i) During the year ended April 30, 2015, the Company performed an assessment of potential impairment indicators, and management determined that with the recent decline in commodity prices, lack of exploration activities on certain properties that an impairment test on its petroleum and natural gas assets was required. It was determined that the carrying amount of three CGUs exceeded their recoverable amounts. Accordingly the Company recognized an impairment charge of \$4,381,182 (2014- \$nil). Given the stage of exploration activities for two of the CGU's, management was unable to determine a reliable recoverable amount in line with either the fair value less cost to sell or value in use method as defined in and which would satisfy the requirements of IAS 36. As no acceptable recoverable amount could be calculated, the Company impaired these two CGU's to nil, in line with Level 3 of the fair value hierarchy. The recoverable amount used for one CGU was 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, loss factors and discount rates specific to the underlying composition of assets residing in each CGU. The pre-tax discount rate was 10%. The following table show the future commodity price estimates used by the Company's independent reserves evaluator at April 30, 2015.

2015	2015	2016	2017	2018	2019	2020	2021	2022	Thereafter
WTI (US\$/bbl)	55.00	68.90	75.40	79.60	83.90	88.30	92.90	94.80	+2%/yr
WCS (C\$/bbl)	51.90	65.90	70.20	74.30	78.50	82.70	87.20	89.00	+2%/yr
AECO(Cdn\$/MMbtu)	3.15	3.70	3.95	4.15	4.40	4.60	5.00	5.20	+2%/yr

- (j) During the year ended April 30, 2015, the Company received \$445,505 (2014 - \$646,887) of revenues in the development stage which was credited against exploration and development costs.

8. MINERAL PROPERTY INTERESTS

The Company carries \$nil balance of mineral property interests as of year ended April 30, 2015.

Mineral property interests by property for the year ended April 30, 2014 and 2015 are as follows:

	BRC (formerly White River), Yukon Territories	Total
Acquisition Costs		
Balance as at Apr 30, 2013 and 2014	\$ -	\$ -
Deferred Exploration Costs		
Balance as at Apr 30, 2013	25,760	25,760
Write-off	(25,760)	(25,760)
Mineral Property Interests, April 30, 2014 and 2015	\$ -	\$ -

(a) BRC Property (formerly the White River Claims), Yukon Territories

(i) BRC Property

On June 12, 2009, the Company acquired 15 mineral claims in the Yukon from Blair Naughty ("Naughty").

The Property is subject to a 4% net smelter return royalty ("NSR") with an option to purchase 1% of the NSR for \$1,000,000.

In March 2011, the Company (the "Optionor") entered into an agreement with the Optionee pursuant to which it granted the Goldstrike (the "Optionee") an option to acquire a 100% interest in the BRC property.

(ii) BRC Property – Goldstrike Option

To maintain and exercise the option, the Optionee must:

- Issue 2,000,000 common shares and 3,000,000 warrants to the Optionor (issued);
- Issue an additional 1,000,000 common shares and 3,000,000 warrants on November 1, 2016; and
- Arrange for an exploration program costing not less than \$200,000 during 2011 (such expenses to be incurred and paid by the Optionor from flow-through funds raised in the 2010 private placement) (incurred and paid).

8. MINERAL PROPERTY INTERESTS (Continued)

(a) BRC Property (formerly the White River Claims, Yukon Territories (Continued))

(ii) BRC Property – Goldstrike (the “Optionee”) Option (Continued)

The option entitles the Optionee to acquire a 100% interest in the BRC Property, subject to a 1% NSR in favour of the Optionor, an underlying 3% NSR in favour of a former owner and a five kilometre area of interest. The Optionee will not have the right to purchase the Optionor NSR, but will have the right to purchase one-third (i.e., 1%) of the underlying NSR for \$1,000,000 at any time prior to the commencement of commercial production.

The option agreement was approved by the TSX-V on June 15, 2011 (the “closing date”).

Each Goldstrike warrant is exercisable until June 15, 2016 at the exercise price of \$0.70. Each Goldstrike warrant issued on November 1, 2013 will be exercisable for five years thereafter at the market price at the time of issue.

On October 9, 2012, the Company and the Optionee entered into an amendment agreement pursuant to which the date of issuance of the additional 1,000,000 common shares and 3,000,000 warrants from the Optionee to the Company was extended from November 1, 2012 to November 1, 2013. In May 2013, the Company and the Optionee agreed to further extend the date of issuance from November 1, 2013 to November 1, 2016.

During the year ended April 30, 2014, the Company entered into a joint venture agreement with the Optionee for various petroleum and natural gas interests. Per the terms of this agreement, the Optionee was deemed to have delivered any outstanding payments on the BRC property. The Optionee holds 100% interest in the BRC property as at April 30, 2014; hence, the Company wrote off the previously capitalized balance of \$25,760.

(b) Lucky Strike Properties, Yukon Territories – Goldstrike Option

Lucky Strike Properties contain 125 claims in the Yukon Territories. In November 2010, the Company (the “Optionor”) entered into an option agreement with Goldstrike (the “Optionee”) pursuant to which it granted the Optionee an option to acquire an undivided 70% interest in and to the Lucky Strike properties.

To maintain and exercise the option, the Optionee must:

- Issue 2,000,000 common shares and 4,000,000 warrants to the Optionor (issued);
- Issue an additional 1,000,000 common shares on June 15 of each of the ensuing five years (total of 7,000,000 common shares and 4,000,000 warrants; 1,000,000 common shares issued in June 2012; 1,000,000 common shares issued in June 2013);
- Pay a total of \$500,000 to the Optionor in four annual installments (\$50,000, \$100,000, \$150,000 and \$200,000) on the second, third, fourth and fifth anniversaries of the closing date (\$50,000 paid in June 2013);

8. MINERAL PROPERTY INTERESTS (Continued)

(b) Lucky Strike Properties, Yukon Territories – Goldstrike Option (Continued)

- Arrange for an exploration program costing not less than \$300,000 during 2011 (such expenses to be incurred and paid by the Optionor from flow-through funds raised in its recent private placement) (incurred and paid); and
- Deliver to the Optionor, not later than the sixth anniversary of the closing date, written notice of the Optionee's commitment to fund the preparation of a feasibility study in respect of the property and deliver a positive feasibility study to the Optionor within two years after the date of such written notice.

The option agreement was approved by the TSX-V on June 15, 2011. The Goldstrike warrants are exercisable until June 15, 2016 to purchase up to 4,000,000 shares of the Optionee for \$0.25 per share.

During the year ended April 30, 2014, the Company entered into a joint venture agreement with the Optionee for various petroleum and natural gas interests. Per the terms of this agreement, the Optionee was deemed to have delivered any outstanding payments on the Lucky Strike property.

9. DECOMMISSIONING LIABILITIES

	2015	2014
Opening balance	\$ 334,232	\$ 286,100
Accretion	4,813	3,948
Effect of changes in estimates	51,005	44,184
Closing balance	\$ 390,050	\$ 334,232

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas interests including well sites, gathering systems and processing facilities. The total decommissioning liabilities were estimated by management based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon the wells and the estimated timing of the costs to be incurred in future periods. The Company has estimated the total discounted amount of future cash flows to settle the liabilities to be \$390,050 as at April 30, 2015 (2014 - \$334,232). These payments are expected to be made over the next two to five years.

A risk-free rate of 0.80% (2014 - 1.44%) and an inflation rate of approximately 1.00% (2014 - 1.00%) were used to calculate the fair value of the decommissioning liabilities.

10. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

On August 11, 2014, 193,500 warrants were exercised at the exercise price of \$0.25.

On September 2, 2014, 244,500 warrants were exercised at the exercise price of \$0.25 and 75,000 warrants were exercised at the exercise price of \$0.14.

On October 7, 2014, the Company closed a non-brokered private placement and issued 13,043,371 units at \$0.25 per unit for aggregate gross proceeds of \$3,260,843. Each unit consists of one common share and one warrant with each warrant entitling the holder to purchase one common share at a price of \$0.375 for a period of two years from the date of issuance, subject to acceleration at the Company's option if its share closed at \$2.00 or higher for ten consecutive trading days at any time after four months after the date of issuance. Using the residual method, there was a value of \$nil attributed to the warrants. Finders' fees consisting of 1,027,470 finders' warrants with a value of \$207,945 and \$254,867 in cash were paid and legal fees of \$63,696. Finders' warrants will be exercisable until October 7, 2016 at the price of \$0.375.

(c) Stock options

The Company has established a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants of the Company. Under the plan, the option price of an option shall be not less than the discounted market price on the grant date. The expiry date for each option shall be set by the Board of Directors at the time of issue of the options and shall not be more than ten years after the grant date. Options are not assignable or transferable by the optionee. The number of shares reserved for issuance under the plan shall not exceed 20% of the total number of issued and outstanding shares of the Company on the date on which the option plan is approved by the shareholders of the Company. The maximum number of shares to be granted under the plan is 11,880,513 shares unless additional amounts are approved from time to time by the shareholders of the Company.

A summary of the status of the Company's share options is as follows:

	2015		2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	4,950,000	\$ 0.39	4,950,000	\$ 0.39
Expired	(50,000)	\$ 0.40	-	-
Granted	6,500,000	\$ 0.31	-	-
Outstanding, end of year	11,400,000	\$ 0.31	4,950,000	\$ 0.39
Exercisable, end of year	11,287,500	\$ 0.31	4,950,000	\$ 0.39

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the year ended April 30, 2015 and 2014
(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

As at April 30, 2015 and 2014 the following share purchase options were outstanding and exercisable:

Expiry Date	Exercise Price	2015		2014	
		Outstanding Number of Options	Exercisable Number of Options	Outstanding Number of Options	Exercisable Number of Options
October 17, 2020	\$ 0.37	-	-	200,000	200,000
November 26, 2020	\$ 0.40	-	-	2,950,000	2,950,000
February 2, 2021	\$ 0.40	-	-	300,000	300,000
May 5, 2021	\$ 0.40	-	-	900,000	900,000
August 3, 2020	\$ 0.31	600,000	600,000	600,000	600,000
October 17, 2020	\$ 0.31 *	200,000	200,000	-	-
November 26, 2020	\$ 0.31 *	2,900,000	2,900,000	-	-
February 2, 2021	\$ 0.31 *	300,000	300,000	-	-
May 5, 2021	\$ 0.31 *	900,000	900,000	-	-
June 23, 2019	\$ 0.40	200,000	200,000	-	-
July 31, 2024	\$ 0.31	6,300,000	6,187,500	-	-
		11,400,000	11,287,500	4,950,000	4,950,000

* On August 1, 2014, the Company reduced the exercise price of 250,000 stock options previously granted to consultants and 4,100,000 stock options previously granted to directors and officers to \$0.31 from \$0.40 (as to 4,150,000 options) and \$0.37 (as to 200,000 options), respectively.

In August 2014, 50,000 of the options re-priced on August 1, 2014, which were previously issued to a consultant of the Company expired due to the cessation of his service.

The weighted average remaining contractual life of options outstanding at April 30, 2015 is 7.61 (2014 - 6.63) years.

The Company applied the fair value method in accounting for the stock options granted using the Black-Scholes option pricing model. For the year ended April 30, 2015, \$1,894,787 (2014 - \$1,002) share-based payments were recorded for the fair value of share options granted to directors, officers and consultants as follows: \$266,582 to directors (2014 - \$nil), \$1,555,063 to management (2014 - \$nil), and \$73,142 to consultants (2014 - \$1,002). The weighted average fair value of share purchase options was estimated using the Black-Scholes option pricing model with following weighted average assumptions and resulting grant dates fair value:

	2015	2014
Risk-free interest rate	2.05%	N/A
Dividend yield	0%	N/A
Expected stock price volatility	155.20%	N/A
Weighted average expected life	9.89 years	N/A
Valuation date fair value of underlying share	\$ 0.30	N/A
Fair value at granted date	\$ 0.29	N/A

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the year ended April 30, 2015 and 2014
(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

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.

(d) Share purchase warrants

Details of the status of the Company's warrants as at April 30, 2015 and 2014 and changes during the periods are as follows:

	2015		2014	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	9,809,790	\$ 0.43	10,228,818	\$ 0.45
Expired	(72,000)	\$ 1.00	(419,028)	\$ 0.80
Exercised	(513,000)	\$ 0.23	-	-
Granted	14,070,841	\$ 0.36	-	-
Balance, end of year	23,295,631	\$ 0.39	9,809,790	\$ 0.43

During the year ended April 30, 2015, the expired warrants resulted in an allocation of reserves of \$106 (2014- \$153,321) to deficit.

Share issue costs of \$207,945 (2014 - \$nil) with respect to 1,027,470 finders' warrants issued during year ended April 30, 2015 were estimated using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Risk-free interest rate	1.08%	N/A
Dividend yield	0%	N/A
Expected stock price volatility	148.12%	N/A
Weighted average expected life	2 years	N/A
Valuation date fair value of underlying share	\$0.30	N/A

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the year ended April 30, 2015 and 2014
(Expressed in Canadian Dollars)

10. CAPITAL STOCK (Continued)

(d) Share purchase warrants (Continued)

As at April 30, 2015 and 2014, the following share purchase warrants were outstanding:

		2015	2014
Expiry Date	Exercise Price	Number of Warrants Outstanding	Number of Warrants Outstanding
21-Aug-14	\$ 1.000	-	72,000
26-Jul-15	\$ 0.250	296,897	734,897
26-Jul-15	\$ 0.140	4,785,000	4,860,000
15-Mar-16 *	\$ 0.800	1,922,892	1,922,892
22-Dec-15 **	\$ 0.800	2,220,001	2,220,001
07-Oct-16	\$ 0.375	6,636,800	-
07-Oct-16	\$ 0.375	7,434,041	-
		23,295,631	9,809,790

* The expiry date of 1,922,892 warrants with exercise price of \$0.80 was extended from March 15, 2014 to March 15, 2016. Each warrant is now exercisable to purchase one common share for \$0.80 subject to an accelerated expiry if the average closing price of the common share is \$1.20 or higher for 20 consecutive days.

** During the year ended April 30, 2014, the expiry date of 2,220,001 warrants with exercise price of \$0.80 was extended from December 22, 2013 to December 22, 2015.

11. RELATED PARTY TRANSACTIONS

The remuneration of directors and other key management personnel was as follows:

	2015	2014
Short-term benefits	\$ 193,406	\$ 195,500
Share-based payments	1,821,645	-
	\$ 2,015,051	\$ 195,500

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the year ended April 30, 2015 and 2014.

The Company's related parties consist of companies controlled by executive officers and directors. The Company incurred the following fees and expenses in the normal course of operations in connection with those companies during the year ended April 30, 2015 and 2014:

	2015	2014
Legal fees	\$ 239,849	\$ 102,203
Office rent	\$ 59,400	\$ 60,400
Gross overriding royalty	\$ 26,780	-
Director's fee	\$ 12,000	\$ 6,000

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the year ended April 30, 2015 and 2014
(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

Included in accounts payable is \$9,029 (2014 - \$28,969) payable to a company controlled by an officer, a company controlled by the spouse of an officer, a company controlled by a director and an officer, as well as to a director and officer of the Company.

All of the above transactions and balances are measured at fair value, which is the amount of consideration established and agreed to by the related parties.

12. SUPPLEMENTAL CASH FLOW INFORMATION

	2015	2014
Accounts payable and accrued liabilities relating to petroleum and natural gas interests	\$ 249,874	\$ 65,412

13. DEFERRED INCOME TAXES

A reconciliation of income taxes computed at Canadian statutory rates of 26% (2014 – 25.33%) to the reported income taxes is provided as follows:

	2015	2014
Loss before income taxes	\$ (9,180,029)	\$ (2,061,822)
Canadian statutory tax rate	26.00%	25.33%
Income tax recovery computed at the statutory rate	(2,386,808)	(522,328)
Items not deductible for income tax purposes	492,645	254
Change in timing differences	70,190	(63,966)
Unused tax offsets not recognized in tax asset	1,823,973	586,040
	\$ -	\$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts as at April 30, 2015 and 2014:

	2015	2014
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	\$ 8,320,054	\$ 1,674,329
Excess of undepreciated capital cost over carrying value of fixed assets	1,014,006	1,014,138
Investments in Goldstrike warrants	2,205,805	2,367,714
Investments in associate	1,429,305	1,330,000
Decommissioning liability	390,050	334,232
Non-refundable mining credit	5,457	5,457
Deferred share issue costs	326,283	166,593
Non-capital losses carried forward	7,662,036	7,497,505
Unrecognized deductible temporary differences	\$ 21,352,996	\$ 14,389,968

13. DEFERRED INCOME TAXES (Continued)

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$7,664,000. These losses expire as follows:

2016	\$	545,000
2027		782,000
2028		950,000
2029		824,000
2030		733,000
2031		867,000
2032		952,000
2033		577,000
2034		570,000
2035		864,000
	\$	7,664,000

14. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended April 30, 2015 and 2014 is based on the following:

	2015	2014
Net loss for the year attributable to common shareholders	\$ 9,180,029	\$ 2,061,822
Basic weighted average number of common shares outstanding	66,562,836	58,889,567
Diluted weighted average number of common shares outstanding	66,562,836	58,889,567
Basic and diluted loss per share	\$ 0.14	\$ 0.04

All warrants and options are potentially dilutive in the years ended April 30, 2015 and 2014, but excluded from the calculation of diluted loss per share are those for which the average market price is below the exercise price.

15. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its petroleum and natural gas, as well as mineral interests, contain economically recoverable reserves and currently has not earned significant revenues from its petroleum and natural gas interests and, therefore, does not generate sufficient cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock.

15. CAPITAL MANAGEMENT (Continued)

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its petroleum and natural gas interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has sufficient funds and additional receivables and revenue generated from operations to fund its programs for the near term. Although the Company has been successful at raising funds in the past by obtaining funding through issuance of capital stock, it is uncertain whether it can continue this financing methodology.

There have been no changes to the Company's approach to capital management during the period.

16. SEGMENTED DISCLOSURE

The Company primarily operates in one industry segment, the resource industry, and in one geographical segment, Canada. All current exploration activities are conducted in Canada and all of the Company's assets are located in Canada.

17. EVENTS AFTER THE REPORTING DATE

- (a) In July 2015, 296,897 warrants exercisable at \$0.25 and 4,785,000 warrants exercisable at \$0.14 expired.
- (b) Subsequent to the year-end, the Company realized the net proceeds of \$211,945 from the sale of securities.

PETRO ONE ENERGY CORP.

**Financial Statements
January 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)**

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Notice of Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim financial statements as at January 31, 2016 and for the three and nine months ended January 31, 2016 and 2015.

PETRO ONE ENERGY CORP.**Statements of Financial Position***(Expressed in Canadian Dollars - Unaudited)*

	Note	January 31, 2016	April 30, 2015
Assets			
Current Assets			
Cash and cash equivalents	3	\$ 972,954	\$ 1,423,693
Accounts receivable	3	148,498	36,259
Prepaid expenses		55,756	91,887
		1,177,208	1,551,839
Non-Current Assets			
Deposits		30,000	30,000
Investments	4	818,823	466,090
Investment in associate		-	521,390
Equipment	5	3,789	4,454
Petroleum and natural gas interests	6	4,931,495	7,833,983
		\$ 6,961,315	\$ 10,407,756
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	3, 10	\$ 270,702	\$ 286,580
		270,702	286,580
Non-Current Liabilities			
Decommissioning liability	8	392,390	390,050
		663,092	676,630
Shareholders' Equity			
Capital Stock	9	30,253,872	30,253,872
Reserves		3,817,419	4,685,107
Deficit		(27,773,068)	(25,207,853)
		6,298,223	9,731,126
		\$ 6,961,315	\$ 10,407,756

Approved On behalf of the Board:

"Terrence E. King"

..... Director

Terrence E. King

"Peter Bryant"

..... Director

Peter Bryant

PETRO ONE ENERGY CORP.
Statements of Operations and Comprehensive Income (Loss)
For the three and nine months ended January 31
(Expressed in Canadian Dollars - Unaudited)

		Three Months Ended		Nine Months Ended	
		January 31		January 31	
	Notes	2016	2015	2016	2015
General and Administrative Expenses					
Accounting and audit	10	\$ 10,011	\$ 33,109	\$ 68,981	\$ 89,817
Accretion	8	780	1,204	2,340	3,610
Advertising, promotion and travel		-	-	-	26,932
Amortization of equipment		592	671	2,139	2,010
Investor relations		11,680	2,360	34,620	7,285
Legal fees	10	48,709	48,380	78,335	215,413
Management fees	10	30,713	17,994	92,138	48,744
Office, administration and telephone	10	38,148	32,922	110,226	144,262
Rent	10	14,850	14,850	44,550	44,550
Share-based payments	9	2,176	11,655	10,424	1,888,912
Transfer agent and filing fees		6,826	3,370	12,301	41,141
		\$ 164,485	\$ 166,515	\$ 456,054	\$ 2,512,676
Interest income		(160)	(7,817)	(6,533)	(10,246)
Royalty income		(8,316)	(3,103)	(13,413)	(27,981)
Write-off of petroleum and natural gas interests	6	3,041,477	-	3,082,507	-
Loss (gain) on disposal of well-site equipment	6	(32,000)	-	(32,000)	476
Fair value adjustment on investments	4	(334,496)	(47,170)	60,034	(88,396)
Gain upon sale of investments		-	-	(103,322)	-
Share of net loss of associate	4	-	-	-	50,730
Net Loss and Comprehensive Loss for the period		\$ 2,830,990	\$ 108,425	\$ 3,443,327	\$ 2,437,259
Loss Per Share, basic and diluted		\$ 0.039	\$ 0.001	\$ 0.048	\$ 0.038
Weighted Average Number of Common Shares Outstanding		72,445,938	72,445,938	72,445,938	64,665,748

PETRO ONE ENERGY CORP.
Statements of Changes in Shareholders' Equity
For the nine months ended January 31
(Expressed in Canadian Dollars - Unaudited)

	Capital Stock						
	Shares	Amount					Total Equity
Balance, April 30, 2014	58,889,567	\$ 27,238,049	\$	2,743,969	\$ (16,027,930)	\$	13,954,088
Net income (loss) for the period	-	-		-	(2,437,259)		(2,437,259)
Private placement	13,043,371	3,260,843		-	-		3,260,843
Share issue costs	-	(318,563)		-	-		(318,563)
Warrant exercised	513,000	120,000		(161,487)	161,487		120,000
Finder's warrants issued	-	(207,945)		207,945	-		-
Expired warrants	-	-		(106)	106		-
Share-based payments	-	-		1,888,912	-		1,888,912
Balance, January 31, 2015	72,445,938	30,092,384		4,679,233	(18,303,596)		16,468,021
Net income (loss) for the period	-	-		-	(6,742,769)		(6,742,769)
Warrant exercised	-	161,488		-	(161,488)		-
Share-based payments	-	-		5,874	-		5,874
Balance, April 30, 2015	72,445,938	30,253,872		4,685,107	(25,207,853)		9,731,126
Net income (loss) for the period	-	-		-	(3,443,327)		(3,443,327)
Cancelled options	-	-		(157,275)	157,275		-
Expired warrants	-	-		(720,837)	720,837		-
Share-based payments	-	-		10,424	-		10,424
Balance, January 31, 2016	72,445,938	\$ 30,253,872	\$	3,817,419	\$ (27,773,068)	\$	6,298,223

PETRO ONE ENERGY CORP.
Statements of Cash Flows
For the nine months ended January 31
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended January 31		Nine Months Ended January 31	
	2016	2015	2016	2015
Operating Activities				
Net income (loss)	\$ (2,830,990)	\$ (108,425)	\$ (3,443,327)	\$ (2,437,259)
Items not involving cash				
Share-based payments	2,176	11,655	10,424	1,888,912
Accretion	780	1,204	2,340	3,610
Amortization of equipment	592	671	2,139	2,010
Share of net loss of associate	-	-	-	50,730
Fair value adjustment on investment	(334,496)	(47,170)	60,034	(88,396)
Fair value adjustment on sales of investment	-	-	108,622	-
Write-off of petroleum and natural gas interest	3,041,477	-	3,082,507	-
Gain (Loss) on disposal of well-site equipment	-	-	-	476
	(120,461)	(142,065)	(177,261)	(579,917)
Changes in non-cash working capital				
Accounts receivable	(134,165)	24,253	(112,239)	(36,281)
Prepaid expenses	16,497	(19,655)	36,131	(67,924)
Accounts payable and accrued liabilities	31,000	52,707	(162,084)	(204,628)
	(86,668)	57,305	(238,192)	(308,833)
Cash Used in Operating Activities	(207,129)	(84,760)	(415,453)	(888,750)
Investing Activities				
Purchase of equipment	-	-	(1,474)	-
Petroleum and natural gas property acquisition and expenditures	(73,296)	(696,153)	(33,812)	(577,663)
Cash Used in Investing Activities	(73,296)	(696,153)	(35,286)	(577,663)
Financing Activities				
Issuance of common shares, net of share issue costs	-	-	-	2,942,280
Exercises of warrants	-	-	-	120,000
Cash Used in Financing Activities	-	-	-	3,062,280
Inflow (Outflow) of Cash	(280,425)	(780,913)	(450,739)	1,595,867
Cash and Cash Equivalents, Beginning of period	1,253,379	2,902,071	1,423,693	525,291
Cash and Cash Equivalents, End of period	\$ 972,954	\$ 2,121,158	\$ 972,954	\$ 2,121,158
Cash and cash equivalents are comprised of:				
Cash	\$ 972,954	\$ (88,842)	\$ 972,954	\$ (88,842)
Cash equivalents	-	2,210,000	-	2,210,000
	\$ 972,954	\$ 2,121,158	\$ 972,954	\$ 2,121,158

Supplemental Cash Flow Information (Note 11)

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Petro One Energy Corp. ("Petro One" or the "Company") is an exploration stage company listed on the TSX Venture Exchange ("TSX-V"). Pursuant to receiving shareholders' approval, the Company continued into British Columbia from the Jurisdiction of Canada under the *Business Corporations Act* on April 23, 2010. The Company is in the business of acquiring, exploring and evaluating petroleum and natural gas as well as natural resource properties in western Canada.

The head office, principal address, records office and registered address of the Company are located at 1111 West Georgia Street, Suite 1300, Vancouver, British Columbia, Canada, V6E 4M3.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As at January 31, 2016, the Company had an accumulated deficit of \$24,744,639 (2015 - \$25,207,853) and working capital of \$906,506 (2015 - \$1,265,259), which is sufficient to meet the Company's short-term business requirements, but not sufficient to achieve the long-term planned business objectives. The recoverability of amounts shown for its petroleum and natural gas interests and mineral property interests and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. There can be no assurance that management's plans will be successful. These matters indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

In November 2015, the Company entered into a business combination agreement with Goldstrike Resources Ltd. (the "Arrangement"). The Arrangement was proposed to be carried out under the Business Corporations Act (British Columbia). As of the date of the report, the Arrangement has been accepted by TSX Venture Exchange (the "TSXV"), approved at the special shareholder meeting and approved by the Supreme Court of British Columbia (the "Court"). The Company's non-reporting status in British Columbia will be effective on March 21, 2016. The following transactions have been completed as of the effective date of the Arrangement on February 29, 2016:

- Petro One shareholders received one Goldstrike share for each four shares of Petro One beneficially owned by them.
- Holders of Petro One warrants exercisable to purchase an aggregate of 17,186,264 Petro One shares at prices of \$0.375 and \$0.80 received one Goldstrike warrant (each a "New GSR Warrant") exercisable to purchase one Goldstrike share for \$0.15 until Oct. 7, 2016 for each of such Petro One warrants.
- The exercise price of an aggregate of 1,307,679 Goldstrike warrants currently exercisable to purchase Goldstrike shares at a price of \$0.80 until June 15, 2016 was reduced to \$0.15.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

- The exercise term of outstanding Goldstrike warrants exercisable to purchase an aggregate of 4,000,000 Goldstrike shares for \$0.10 until July 10, 2016 was extended to Oct. 7, 2016.
- All outstanding Petro One incentive stock options was cancelled and Goldstrike issued one stock option exercisable to purchase one Goldstrike share for \$0.10 in respect of each four Petro One stock options which are cancelled, in each case exercisable until the original expiry date of the cancelled Petro One option.
- The exercise price of all outstanding Goldstrike incentive stock options was reduced to \$0.10, without any change to their original expiry dates.
- Goldstrike acquired Petro One's 30% interest in the Lucky Strike property, giving it a 100% ownership interest, and issued warrants exercisable for five years to purchase 9,055,742 Goldstrike shares at the price of \$0.10 each as consideration therefor.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The condensed interim financial statements of the Company for the three and nine months ended January 31, 2016 were authorized for issue by the Board of Directors on March 23, 2016.

These condensed interim financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted, and these unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2015.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended April 30, 2015.

(a) Estimates, uncertainties and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates made in the preparation of these financial statements include assessments of impairment for mineral property interests and petroleum and natural gas interests, determination of decommissioning liability, the rates of amortization of property and equipment, accrued liabilities, assumptions for the determination of fair value of share-based payments and determination of valuation allowance for deferred tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments (Continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. Reserve estimates impact a number of the areas referred to above, in particular the valuation of petroleum and natural gas interests and the calculation of depletion of petroleum and natural gas.

Critical accounting judgments

Reserves

The estimate of oil and natural gas reserves is integral in assessing whether the carrying value of any of the Company's petroleum and natural gas properties and exploration and evaluation assets have been impaired. Changes in reported reserves can impact asset carrying values due to changes in expected future cash flows.

The Company's Proved and Probable reserves are evaluated and reported on by independent reserve engineers at least annually in accordance with Canadian Securities Administrators' National Instrument 51-101 *Standards of Disclosure of Oil and Gas Activities* ("NI 51-101"). Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is 90% likely that the actual remaining quantities recovered will exceed the estimated Proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than Proved reserves. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgment and interpretation.

Identification of cash-generating units ("CGUs")

The Company's assets are aggregated into CGUs for the purpose of calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment in regards to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

Recoverability of asset carrying values

At each reporting date, the Company assesses its petroleum and natural gas properties and exploration and evaluation assets for possible impairment, to determine if there is any indication that the carrying amounts of the assets may not be recoverable. An assessment is also made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. Determination as to whether and how much an asset is impaired, or no longer impaired, involves management estimates on highly uncertain matters such as future commodity prices, discount rates, production profiles, operating costs, future capital costs and reserves. Changes in circumstances may impact these estimates which may impact the recoverable amount of assets. Any change in the impairment loss or reversal of impairment loss could have a material financial impact in future periods.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments (Continued)

Classification of investments as associated company v.s. fair value investment

Classification of investments requires judgment on whether the Company has joint significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of influence that the Company has over an investment, management considers ownership percentages, board representation, and participation in policy making processes, material transactions between the investor and investee, and common management. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

The Company has re-classified its investments in Goldstrike Resources Ltd. from investments in associate to fair value investment, based on management's judgment that the Company has less than 5% of the shareholdings in Goldstrike, which results in little influence in the investee.

Classification of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances and as to whether economic quantities of reserves will be found so as to assess if technical feasibility and commercial viability have been achieved.

Critical Accounting Estimates

Decommissioning obligations

Decommissioning costs will be incurred by the Company many years into the future. Amounts recorded for decommissioning obligations require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third party information and calculations are subject to changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions, and changes in clean up technology. Actual costs and outflows can differ from estimates and may have a material impact on earnings or financial position. For more information on the Company's decommissioning obligations see Note 8.

Share-based payments

The Company measures the cost of its share-based payments to directors, officers, employees and certain consultants by reference to the fair value of the equity instruments using the Black-Scholes option pricing model at the date they are granted. The assumptions used in determining fair value include: expected life of the options, risk-free rates of return and stock price volatility. Changes to assumptions may have a material impact on the amounts presented. For more information on the Company's share-based payments see Note 9(c).

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(a) Estimates, uncertainties and judgments (Continued)

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time. These differences could materially impact earnings.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on deposit and short-term, highly liquid interest-bearing investments that are readily convertible into known amounts of cash, within 90 days or less from when acquired.

(c) Financial instruments

(i) Financial assets

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-maturity ("HTM");
- Available-for-sale ("AFS"); and
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL financial assets

Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The company's cash and cash equivalent and investments is classified as fair value through profit or loss.

HTM investments

HTM investments are recognized on a trade-date basis and are initially measured, and subsequently carried, at fair value using the effective interest rate method. The Company does not have any assets classified as HTM investments.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(c) Financial instruments (Continued)

(i) Financial assets (Continued)

AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized as other comprehensive income or loss and classified as a component of equity. When a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables are comprised of accounts receivable.

(ii) Financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities are comprised of accounts payable and accrued liabilities.

Additional disclosure on the measurement of financial instruments is provided in Note 5.

(d) Joint interest operations

Some of the Company's petroleum and natural gas activities are jointly conducted with other venturers who have direct ownership in and jointly control the operations of the ventures. Accordingly the financial statements reflect the Company's share of joint assets, liabilities, revenues and expenses.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(e) Depreciation

Equipment is recorded at cost less accumulated depreciation and impairment loss. These assets are depreciated over their estimated useful lives on the declining-balance basis at the following annual rates:

Computer equipment	- 45% to 55%
Computer software	- 100%
Office equipment	- 20%

In the year of acquisition, amortization is recorded based on one-half of net additions.

(f) Impairment

Exploration and evaluation assets are assessed for impairment when they are reclassified to developing and producing assets, as petroleum and natural gas properties, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment is recorded when the recoverable amount of an asset is less than the respective carrying amount. Recoverable amount is the higher of its fair value less cost to sell and value in use. Fair value is the price that would be received from selling an asset in an orderly transaction between market participants. Fair value less costs to sell can be determined by using an observable market or by using discounted future net cash flows of Proved and Probable reserves using forecasted prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Exploration and evaluation assets are grouped together with the Company's CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to developing and producing assets (petroleum and natural gas properties).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the units and then to reduce carrying amounts of other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(g) Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property interest acquisition costs and exploration expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, sold or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written off in the period in which a decision to discontinue the project is made, or an impairment has occurred.

All deferred mineral property expenditures are assessed for impairment when facts and circumstances suggest that the carrying amount of the mineral property interests may exceed its recoverable amount. For the purposes of impairment testing, mineral property interests are tested at the cash-generating unit level.

When the carrying value of a mineral property interest exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, or by reference to option or joint venture expenditure commitments, or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, payments are recorded as mineral property interest costs or recoveries when the payments are made or received. Proceeds received on the sale or options of the Company's property interest are recorded as a reduction of the mineral property cost prorated for the interest sold or optioned out. When proceeds received in respect of a property exceed its carrying cost or pro-rated carrying cost, such excess is recognized in the statement of operations and comprehensive loss.

(h) Petroleum and natural gas interests

Exploration license and unproved property acquisition costs, geological and geophysical costs and costs directly associated with an exploration well and appraisal activities are capitalized. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability. The Company's petroleum and natural gas interests in southeastern Saskatchewan and southwestern Manitoba are in the exploration stage. As the Company has not yet commenced commercial production of petroleum and natural gas products, any revenues in the development stage from test wells or other incidental production is treated as a recovery of capitalized exploration costs.

The assessment of technical feasibility and commercial viability is based upon estimates of the recoverability of capitalized costs by future exploitation or sale and where the activities have reached a stage that permits a reasonable assessment of the existence of proved reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

When technical feasibility and commercial viability of a well is determinable based on management's assessment of current information, the exploration and evaluation assets attributable to that well are first tested for impairment and then reclassified from exploration and evaluation assets to property and equipment.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the risks have not been incorporated into the estimate of cash flows. The increase in the provision due to the passage of time is recognized within accretion expense.

Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning liabilities are measured at the present value of management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation and discount rates. Changes in the present value of the estimated expenditure are reflected as an adjustment to the provision and relevant asset. The unwinding of the discount on the decommissioning provision is recognized as accretion expense. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision was recognized.

(j) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of operations and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(k) Revenue recognition

Interest income is recorded as earned at the effective rate of interest over the term to maturity. Royalty income is recorded as earned in accordance with petroleum and natural gas farm-out agreements.

(l) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of the options to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes option pricing model. For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Amounts recorded in reserves for unexercised share options and warrants are transferred to deficit upon their expiration.

(m) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Capital stock

Proceeds from the exercise of share options and warrants, plus the amount originally recognized in reserves for the options or warrants are recorded as capital stock. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(n) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period-end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are measured at historical costs and are translated to the functional currency at the exchange rate prevailing on the date the asset was acquired or liability assumed. Revenues and expenses (excluding depreciation, depletion and accretion, which are translated at the same rate as the related asset or liability) are translated at the exchange rate in effect on the date of the transaction. Foreign currency differences arising on translation are recognized in net income (loss) during the period incurred.

(o) Accounting policies adopted

Effective May 1, 2014, the Company adopted the following:

- (i) Amendment to IAS 36 *Impairment of Assets* requires additional disclosure on the recoverable amounts of an impaired CGU. The adoption of this amendment had no impact on the amounts recorded in the financial statements for the year ended April 30, 2015 or on the comparative periods.
- (ii) IFRIC 21 *Levies* clarifies the requirements for recognizing a liability for a levy imposed by a government. The adoption of this standard had no impact on the amounts recorded in the financial statements for the year ended April 30, 2015 or on the comparative periods.

(p) New accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. The Company has not early-adopted any of these standards. The Company is currently assessing the impact of these pronouncements.

- (i) IFRS 9 *Financial Instruments* (2014) is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:
 - Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
 - Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
 - Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (Continued)

(p) New accounting pronouncements (Continued)

Applicable to the Company's annual period beginning on May 1, 2018.

- (ii) IFRS 15 *Revenue from Contracts with Customers* provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning on May 1, 2018. The Company has not assessed the impact of this pronouncement.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Fair value

The Company has classified its cash and cash equivalents and investments as FVTPL; accounts receivable, as loans and receivables; and accounts payable and accrued liabilities, as other financial liabilities.

The carrying values of accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

The Company provides information about its financial instruments measured at fair value at one of the 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 asset or liability;

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).

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)****(a) Fair value (Continued)**

The Company's measurement of fair value of financial instruments as at January 31, 2016 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 972,954	\$ 972,954	\$ -	\$ -
Investments	\$ 818,823	\$ -	\$ 818,823	\$ -

The Company's measurement of fair value of financial instruments as at April 30, 2015 in accordance with the fair value hierarchy is as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$1,423,693	\$1,423,693	\$ -	\$ -
Investments	\$ 466,090	\$ -	\$ 466,090	\$ -

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

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable.

Cash and cash equivalents are placed with major Canadian financial institutions rated in the two highest grades by nationally recognized ratings agencies. Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at major Canadian financial institutions.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	January 31, 2016	April 30, 2015
Guaranteed investment certificates	\$ 975,000	\$ 1,440,000
Cash (bank indebtedness)	(2,046)	(16,307)
Accounts receivable	148,498	36,259
	\$ 1,121,452	\$ 1,459,952

The cashable guaranteed investment certificates at January 31, 2016 earn interest at an average rate of 0.70%.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash and cash equivalents at January 31, 2016 in the amount of \$972,954 (April 30, 2015 - \$1,423,693) in order to meet short-term business requirements. At January 31, 2016, the Company had accounts payable and accrued liabilities of \$270,702 (April 30, 2015 - \$286,580). The Company is currently in disputes for an amount included in accounts payable and accrued liabilities of \$198,586 charged by a contractor for field and related services during 2011, and will contest liability in the event of any legal claim. The remaining amounts are payable in less than 90 days.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2016. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to significant other price risk with respect to its investments, as they are carried at fair values based on quoted market prices, either directly or indirectly.

A 20% decrease in the quoted market price of Goldstrike Resources Ltd. ("Goldstrike") based on the January 31, 2016 trading price of the underlying shares over the initial acquisition price would increase the Company's net loss and comprehensive loss by approximately \$76,000 (April 30, 2015- \$129,000).

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the nine months ended January 31
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4. INVESTMENTS

The summary of investments as January 31, 2016 and April 30, 2015 is as follow,

	January 31, 2016	April 30, 2015
Fair value of warrants	\$ 201,323	\$ 466,090
Fair value of shares	\$ 617,500	\$ -
	\$ 818,823	\$ 466,090

(a) Common shares

During the nine months ended January 31, 2016, the Company sold a total of 1,250,000 Goldstrike's common shares for a net proceeds of \$211,945.

The Company currently holds a total of 4,750,000 Goldstrike's common shares. The weighted average interest in Goldstrike through the ownership of these shares was 5.01% as of January 31, 2016. The Company reclassified these shares as financial assets held at FVTPL. The change took effect as of July 31, 2015. The fair value of the shares was re-allocated from "Investment in Associate" to "Investment".

The share price of Goldstrike rises from \$0.08 as at October 31, 2015 to \$0.13 as at January 31, 2016. The Company recognized a gain of \$237,406 in the three months period ending January 31, 2016.

The balance of the Investment in Associate as April 30, 2015 is as follow,

	Carrying Value
Carrying value at April 30, 2013	\$ 1,500,000
Fair value of Goldstrike investment acquired under option agreement	230,000
Share of loss for year ended April 30, 2014	(834,606)
Impairment expense of investment in associate	(175,394)
Carrying value at April 30, 2014	720,000
Share of loss for year ended April 30, 2015	(145,769)
Loss on dilution	(52,841)
Carrying value at April 30, 2015	\$ 521,390

Summarized financial information for Goldstrike as at March 31, 2015 and for the three months then ended, and as at December 31, 2014 and 2013 and for the years then ended is as follows:

	March 31, 2015	December 31, 2014	December 31, 2013
Total assets	\$ 7,534,899	\$ 6,688,891	\$ 7,847,487
Total liabilities	\$ 94,595	\$ 36,950	\$ 78,423
Net loss	\$ 191,592	\$ 1,830,197	\$ 10,018,537
Revenues	\$ 9,391	\$ 4,901	\$ 23,720

During the year ended April 30, 2015, the Company recognized \$nil impairment loss (2014 - \$175,394) on its net investment in associate arising from the underlying fair value of Goldstrike shares.

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the nine months ended January 31
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4. INVESTMENTS (Continued)

(b) Warrants

In June 2011, the TSX-V approved two option agreements between the Company and Goldstrike, related by common directors and officers, to allow the Company to divest 70% of its interest in Lucky Strike and 100% of its interest in BRC properties to Goldstrike. Upon the closing of the transaction on June 15, 2011 (the "closing date"), the Company received 4,000,000 Goldstrike common shares representing 9% of the issued and outstanding shares of Goldstrike and 4,000,000 Goldstrike share purchase warrants exercisable at \$0.25 and 3,000,000 Goldstrike share purchase warrants exercisable at \$0.70, expiring five years from closing date. The Company recognized a \$6,542,721 gain from this consideration received in excess of capitalized costs of the mineral properties optioned out to Goldstrike.

The Goldstrike share purchase warrants are classified as financial assets held at FVTPL. The fair values of the investments are as follows:

	Number of Warrants	Cost	Fair Value
Goldstrike warrants, as at January 31, 2016	7,000,000	\$ 4,877,701	\$ 201,323
Goldstrike warrants, as at April 30, 2015	7,000,000	\$ 4,877,701	\$ 466,090

The warrants were valued using the Black-Scholes option pricing model with the following weighted average assumptions and resulting grant date fair value:

	January 31, 2016	April 30, 2015
Risk-free interest rate	0.42%	0.68%
Dividend yield	0%	0%
Expected stock price volatility	126%	191%
Weighted average expected life	0.37 years	1.13 years
Grant date fair value of underlying share	\$0.13	\$0.14

The Company recognized a net unrealized loss of \$264,768 (2015 - Gain of \$88,396) related to the holding of share purchase warrants for the nine months ended January 31, 2016.

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the nine months ended January 31
(Expressed in Canadian Dollars - Unaudited)

5. EQUIPMENT

		Computer Equipment		Computer Software		Office Equipment		Total Equipment
COST								
April 30, 2014	\$	8,337	\$	186,341	\$	1,525	\$	196,203
Additions		-		-		-		-
April 30, 2015		8,337		186,341		1,525	\$	196,203
Additions		1,474		-		-		1,474
January 31, 2016	\$	9,811	\$	186,341	\$	1,525	\$	197,677
ACCUMULATED AMORTIZATION								
April 30, 2014	\$	6,163	\$	185,024	\$	694	\$	191,881
Additions		1,133		1,749		161		3,043
Adjustment		(438)		(2,718)		(19)		(3,175)
April 30, 2015	\$	6,858	\$	184,055	\$	836	\$	191,749
Additions	\$	719	\$	1,321	\$	98	\$	2,139
January 31, 2016	\$	7,577	\$	185,376	\$	934	\$	193,888
CARRYING VALUE								
April 30, 2014	\$	2,174	\$	1,317	\$	831	\$	4,322
April 30, 2015	\$	1,479	\$	2,286	\$	689	\$	4,454
January 31, 2016	\$	2,234	\$	965	\$	591	\$	3,789

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***6. PETROLEUM AND NATURAL GAS INTERESTS**

	Well Equipment	Acquisition and Lease	Exploration and Development	Total
Balance at April 30, 2014	\$ 821,658	\$ 3,543,238	\$ 9,330,400	\$ 13,695,296
Additions	4,097	78,956	1,305,357	1,388,410
Disposals	(476)	-	-	(476)
Write-off	(155,270)	(2,725,011)	(3,923,665)	(6,803,946)
Balance at April 30, 2015	\$ 670,009	\$ 897,183	\$ 6,712,092	\$ 8,279,284
Additions	-	45,786	182,781	228,567
Write-off	(205,504)	(155,885)	(2,901,285)	(3,262,674)
Balance at January 31, 2016	\$ 464,505	\$ 787,084	\$ 3,993,588	\$ 5,245,177

ACCUMULATED DEPRECIATION

Balance at April 30, 2014	\$ 448,446	\$ -	\$ -	\$ 448,446
Additions	100,451	-	-	100,451
Write-off	(103,596)	-	-	(103,596)
Balance at April 30, 2015	445,301	-	-	445,301
Additions	48,548	-	-	48,548
Write-off	(180,167)	-	-	(180,167)
Balance at January 31, 2016	\$ 313,682	\$ -	\$ -	\$ 313,682

CARRYING VALUE

April 30, 2014	\$ 373,212	\$ 3,543,238	\$ 9,330,400	\$ 13,246,850
April 30, 2015	\$ 224,708	\$ 897,183	\$ 6,712,092	\$ 7,833,983
January 31, 2016	\$ 150,823	\$ 787,084	\$ 3,993,588	\$ 4,931,495

- (a) During the year ended April 30, 2013, the Company signed a farm-in agreement with PrairieSky Royalty Ltd. ("PrairieSky"), acquiring a 100% working interest in two sections in southeastern Saskatchewan. The Company has to complete the following commitment to earn 100% of the PrairieSky's Pre-Farmout working interests:

- Complete a seismic program on or before October 30, 2012 (completed); and
- Drill a test well at a location of the Company's choice on the Farmout Lands on or before February 28, 2015 (fulfilled)

On November 20, 2012, the Company made a cash payment of \$15,000 to PrairieSky in return for an extension of the deadline for completion of drilling of the test well from January 25, 2013 to July 31, 2013. On May 3, 2013, the Company paid an additional cash payment of \$15,000 to extend the deadline to December 31, 2013. In November 2013, the Company made a third payment of \$15,000 extending the deadline to October 31, 2014. In October 2014, the Company made a fourth payment of \$50,000 extending the deadline to February 28, 2015. The \$50,000 payment was agreed to be a non-refundable cash advance against future royalties payable by the Company. The balance of the royalty advance was drawn down to \$47,159 at January 31, 2016.

The Company spudded a commitment well in December 2014 and completed the well in January 2015, therefore earned its 100% working interest in these two sections of land.

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

6. PETROLEUM AND NATURAL GAS INTERESTS (Continued)

- (b) During the year ended April 30, 2013, the Company signed a farm-out and royalty agreement with ARC Resources Ltd. ("ARC"), on its 100% controlled J10 property at Bromhead, Saskatchewan. By paying 100% of the drilling and completion costs, ARC earned a 100% before payout interest in the Test Well Spacing Unit to the base of the lowest formation penetrated, subject to a 10% gross overriding royalty (the "GOR") in favour of Petro One. The GOR may be converted into a 30% working interest at the option of Petro One within 30 days after receiving notice of Payout. As of January 31, 2016, the Company has not received notice of Payout.
- (c) On May 21, 2013, the Company completed the sale of its 100% owned J11 property in the Hardy Minton area of southeastern Saskatchewan. Under the terms of the agreement, the Company received \$105,000 cash and a 7.5% GOR on all future oil production, surface to basement, for its working interest in the property.
- (d) On October 31, 2013, the Company surrendered the lease of its J19 property in the Minton area of southeastern Saskatchewan and wrote off the carrying value of the property of \$32,737 accordingly.
- (e) On February 14, 2014, the TSX-V approved a joint venture agreement between the Company and Goldstrike to drill oil wells on leases controlled by the Company in Manitoba and Saskatchewan whereby Goldstrike has the right to earn a 50% working interest in certain of those wells subject to funding contributions and drilling results.

The first well contemplated under the agreement is Well #SR1 in the South Reston property in Manitoba. In order to acquire a 50% working interest in Well #SR1, Goldstrike was required to share the cost of drilling the well on a 50/50 basis with the Company. Upon executing the joint venture agreement, Goldstrike made payments to the Company of \$50,000 and \$650,000 (Goldstrike's expected share of drilling, testing and completion expenses, recorded in accounts payable).

On May 6, 2014, the Company and Goldstrike amended their joint venture. Under the terms of the amended agreement, Goldstrike will pay 100% of the testing and equipping costs to earn a 50% working interest J5 Milton property's 6A-15 well.

In November 2014, the Company and Goldstrike made a further amendment to the joint venture agreement dated November 20, 2013. Under the amended agreement, the Company proposed to proceed with a re-work and test of Well #SR1. The Company will carry out the #SR1 test and advance 100% of the #SR1 test costs. Goldstrike will be entitled to 50% of the Company's working interest in Well #SR1, with no additional costs, in the event that the Company is reimbursed for all SR1 test costs by a third party upon completion of the #SR1 test. In the event that funding is not received from a third party, Goldstrike will be entitled to a 25% working interest in Well #SR1, at no additional cost after the Company has recovered production from Well #SR1.

If the Company sells, farms-out or otherwise disposes of all or any portion of the South Reston property to a third party prior to May 6, 2016, Goldstrike will be entitled, at no additional cost, to:

- 1) the lesser of \$350,000 and 10% of any cash (or equivalent) received by the Company from such third party on completion of such transaction; and

PETRO ONE ENERGY CORP.

Notes to Financial Statements

For the nine months ended January 31

(Expressed in Canadian Dollars - Unaudited)

6. PETROLEUM AND NATURAL GAS INTERESTS (Continued)

(e) (Continued)

- 2) 50% of any GORR received by the Company on production from Well #SR1 and production from the first well drilled on the South Reston property with funds provided by such third party; and
- 3) the lesser of a 25% working interest and 50% of the Company's working interest in Well #SR1 and the first well drilled on the South Reston property with funds provided by such third party.

As of April 30, 2015, the Company and Goldstrike had incurred expenses of approximately \$210,000 and \$499,801, respectively, in drilling, testing and partially completing Well #SR1.

- (f) On July 25, 2014, the Company entered a Program Earning and Joint Venture Agreement with Korea Myanmar Development Corporation ("KMDC"), which provided for a \$4,000,000 through a private placement financing of 16,000,000 units ("PP#1"), each unit consists of one common share and one warrant with each warrant entitling the holder to purchase one common share, and a \$14,000,000 fund to drill up to 11 oil wells and conduct production tests on one previously drilled well on certain of the Company's petroleum and natural gas leases by November 30, 2014. KMDC will have the option to provide additional funding in an amount between \$42,000,000 and \$82,000,000 for additional financing.

As of April 30, 2015, KMDC and KMDC Resources Ltd. ("Resources"), a subsidiary of KMDC, only completed \$2,000,000 of PP#1 issuing 8,000,000 units and did not purchase or arrange for other persons to purchase the remaining 8,000,000 units having an aggregate subscription price of \$2,000,000 by November 30, 2014. As a breach of this commitment, on December 1, 2014 Resources forfeited the purchase of 2,600,000 units of the remaining 8,000,000 units of the Company pursuant to the arrangement. KMDC and associated parties remain contractually obligated to fund the \$2,450,000 balance of PP#1 and, in addition, to advance \$14,000,000 to the Company for the drilling fund provided for in the original Program Earning and Joint Venture Agreement for a combined obligation totaling \$16,450,000.

- (g) The Company surrendered four mineral leases in Saskatchewan and seven mineral leases in Manitoba, and wrote off the aggregated carrying value of \$2,319,167 accordingly as of April 30, 2015.
- (h) During the year ended April 30, 2015, the Company performed an assessment of potential impairment indicators, and management determined that with the recent decline in commodity prices, lack of exploration activities on certain properties that an impairment test on its petroleum and natural gas assets was required. It was determined that the carrying amount of three CGUs exceeded their recoverable amounts. Accordingly the Company recognized an impairment charge of \$4,381,182 (2014- \$nil). Given the stage of exploration activities for two of the CGU's, management was unable to determine a reliable recoverable amount in line with either the fair value less cost to sell or value in use method as defined in and which would satisfy the requirements of IAS 36. As no acceptable recoverable amount could be calculated, the Company impaired these two CGU's to nil, in line with Level 3 of the fair value hierarchy. The recoverable amount used for one CGU was determined with fair value less costs to sell using a discounted cash flow method and categorized in Level 3 of the fair value hierarchy.

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***6. PETROLEUM AND NATURAL GAS INTERESTS (Continued)**

(h) (Continued)

Key assumptions in the determination of cash flows from reserves include crude oil and natural gas prices, loss factors and discount rates specific to the underlying composition of assets residing in each CGU. The pre-tax discount rate was 10%. The following table show the future commodity price estimates used by the Company's independent reserves evaluator at April 30, 2015.

2015	2015	2016	2017	2018	2019	2020	2021	2022	Thereafter
WTI (US\$/bbl)	55.00	68.90	75.40	79.60	83.90	88.30	92.90	94.80	+2%/yr
WCS (C\$/bbl)	51.90	65.90	70.20	74.30	78.50	82.70	87.20	89.00	+2%/yr
AECO(Cdn\$/MMbtu)	3.15	3.70	3.95	4.15	4.40	4.60	5.00	5.20	+2%/yr

(i) During the nine months ended January 31, 2016, the Company received \$48,908 (2015 - \$387,427) of revenues in the development stage which was credited against exploration and development costs.

(j) During the nine months ended January 31, 2016, the Company determined eight Milton wells are not recoverable and recognized an impairment charge of \$3,082,507,

7. MINERAL PROPERTY INTERESTS

The Company carries \$nil balance of mineral property interests as of January 31, 2016.

(a) BRC Property (formerly the White River Claims), Yukon Territories

(i) BRC Property

On June 12, 2009, the Company acquired 15 mineral claims in the Yukon from Blair Naughty ("Naughty").

The Property was subject to a 4% net smelter return royalty ("NSR") with an option to purchase 1% of the NSR for \$1,000,000.

In December 2015, Goldstrike purchased the royalties on BRC and Lucky Strike properties by issuing to the vendor 75,000 Goldstrike shares at a deemed price of \$0.075 per share and 75,000 Goldstrike warrants exercisable at \$0.10, expiring on December 10, 2017.

(ii) BRC Property – Goldstrike Option

In March 2011, the Company (the "Optionor") entered into an agreement with the Optionee pursuant to which it granted the Goldstrike (the "Optionee") an option to acquire a 100% interest in the BRC property.

To maintain and exercise the option, the Optionee must:

- Issue 2,000,000 common shares and 3,000,000 warrants to the Optionor (issued);
- Issue an additional 1,000,000 common shares and 3,000,000 warrants on November 1, 2016; and
- Arrange for an exploration program costing not less than \$200,000 during 2011 (such expenses to be incurred and paid by the Optionor from flow-through funds raised in the 2010 private placement) (incurred and paid).

PETRO ONE ENERGY CORP.

Notes to Financial Statements

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7. MINERAL PROPERTY INTERESTS (Continued)

(ii) BRC Property – Goldstrike Option (Continued)

The option entitles the Optionee to acquire a 100% interest in the BRC Property, subject to a 1% NSR in favour of the Optionor, an underlying 3% NSR in favour of a former owner and a five kilometre area of interest. The Optionee will not have the right to purchase the Optionor NSR, but will have the right to purchase one-third (i.e., 1%) of the underlying NSR for \$1,000,000 at any time prior to the commencement of commercial production.

The option agreement was approved by the TSX-V on June 15, 2011 (the “closing date”).

Each Goldstrike warrant is exercisable until June 15, 2016 at the exercise price of \$0.70. Each Goldstrike warrant issued on November 1, 2013 will be exercisable for five years thereafter at the market price at the time of issue.

On October 9, 2012, the Company and the Optionee entered into an amendment agreement pursuant to which the date of issuance of the additional 1,000,000 common shares and 3,000,000 warrants from the Optionee to the Company was extended from November 1, 2012 to November 1, 2013. In May 2013, the

Company and the Optionee agreed to further extend the date of issuance from November 1, 2013 to November 1, 2016.

During the year ended April 30, 2014, the Company entered into a joint venture agreement with the Optionee for various petroleum and natural gas interests. Per the terms of this agreement, the Optionee was deemed to have delivered any outstanding payments on the BRC property. The Optionee holds 100% interest in the BRC property as at April 30, 2014; hence, the Company wrote off the previously capitalized balance of \$25,760.

(b) Lucky Strike Properties, Yukon Territories – Goldstrike Option

Lucky Strike Properties contain 125 claims in the Yukon Territories. In November 2010, the Company (the “Optionor”) entered into an option agreement with Goldstrike (the “Optionee”) pursuant to which it granted the Optionee an option to acquire an undivided 70% interest in and to the Lucky Strike properties.

To maintain and exercise the option, the Optionee must:

- Issue 2,000,000 common shares and 4,000,000 warrants to the Optionor (issued);
- Issue an additional 1,000,000 common shares on June 15 of each of the ensuing five years (total of 7,000,000 common shares and 4,000,000 warrants; 1,000,000 common shares issued in June 2012; 1,000,000 common shares issued in June 2013);
- Pay a total of \$500,000 to the Optionor in four annual installments (\$50,000, \$100,000, \$150,000 and \$200,000) on the second, third, fourth and fifth anniversaries of the closing date (\$50,000 paid in June 2013);
- Arrange for an exploration program costing not less than \$300,000 during 2011 (such expenses to be incurred and paid by the Optionor from flow-through funds raised in its recent private placement) (incurred and paid); and

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***7. MINERAL PROPERTY INTERESTS (Continued)****b. Lucky Strike Properties, Yukon Territories – Goldstrike Option (Continued)**

- Deliver to the Optionor, not later than the sixth anniversary of the closing date, written notice of the Optionee's commitment to fund the preparation of a feasibility study in respect of the property and deliver a positive feasibility study to the Optionor within two years after the date of such written notice.

The option agreement was approved by the TSX-V on June 15, 2011. The Goldstrike warrants are exercisable until June 15, 2016 to purchase up to 4,000,000 shares of the Optionee for \$0.25 per share.

During the year ended April 30, 2014, the Company entered into a joint venture agreement with the Optionee for various petroleum and natural gas interests. Per the terms of this agreement, the Optionee was deemed to have delivered any outstanding payments on the Lucky Strike property.

In December 2015, Goldstrike purchased the royalties on BRC and Lucky Strike properties by issuing to the vendor 75,000 Goldstrike shares at a deemed price of \$0.075 per share and 75,000 Goldstrike warrants exercisable at \$0.10 and expiring on December 10, 2017.

As part of the considerations of the Arrangement between Goldstrike and Petro One, Goldstrike acquired Petro One's 30% interest in the Lucky Strike property, giving it a 100% ownership interest, and issued warrants exercisable for two years to purchase 9,055,742 Goldstrike shares at the price of \$0.10 each as consideration therefor, effective on Feb 29, 2016.

9. DECOMMISSIONING LIABILITIES

	January 31, 2016	April 30, 2015
Opening balance	\$ 390,050	\$ 286,100
Accretion	2,340	4,813
Effect of changes in estimates	-	44,184
Closing balance	\$ 392,390	\$ 390,050

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas interests including well sites, gathering systems and processing facilities. The total decommissioning liabilities were estimated by management based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon the wells and the estimated timing of the costs to be incurred in future periods. The Company has estimated the total discounted amount of future cash flows to settle the liabilities to be \$392,90 as at January 31, 2016 (April 30, 2015 - \$390,050). These payments are expected to be made over the next two to five years.

A risk-free rate of 0.80% (2015 - 1.44%) and an inflation rate of approximately 1.00% (2015 - 1.00%) were used to calculate the fair value of the decommissioning liabilities.

PETRO ONE ENERGY CORP.
Notes to Financial Statements
For the nine months ended January 31
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9. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

On August 11, 2014, 193,500 warrants were exercised at the exercise price of \$0.25.

On September 2, 2014, 244,500 warrants were exercised at the exercise price of \$0.25 and 75,000 warrants were exercised at the exercise price of \$0.14.

On October 7, 2014, the Company closed a non-brokered private placement and issued 13,043,371 units at \$0.25 per unit for aggregate gross proceeds of \$3,260,843. Each unit consists of one common share and one warrant with each warrant entitling the holder to purchase one common share at a price of \$0.375 for a period of two years from the date of issuance, subject to acceleration at the Company's option if its share closed at \$2.00 or higher for ten consecutive trading days at any time after four months after the date of issuance. Using the residual method, there was a value of \$nil attributed to the warrants. Finders' fees consisting of 1,027,470 finders' warrants with a value of \$207,945 and \$254,867 in cash were paid and legal fees of \$63,696. Finders' warrants will be exercisable until October 7, 2016 at the price of \$0.375.

(c) Stock options

The Company has established a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants of the Company. Under the plan, the option price of an option shall be not less than the discounted market price on the grant date. The expiry date for each option shall be set by the Board of Directors at the time of issue of the options and shall not be more than ten years after the grant date. Options are not assignable or transferable by the optionee.

The number of shares reserved for issuance under the plan shall not exceed 20% of the total number of issued and outstanding shares of the Company on the date on which the option plan is approved by the shareholders of the Company. The maximum number of shares to be granted under the plan is 11,880,513 shares unless additional amounts are approved from time to time by the shareholders of the Company.

A summary of the status of the Company's share options is as follows:

	January 31, 2015		April 30, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	11,400,000	\$ 0.31	4,950,000	\$ 0.39
Expired	-	-	(50,000)	\$ 0.40
Granted	-	-	6,500,000	\$ 0.31
Cancelled	(550,000)	\$ 0.29	-	-
Outstanding, end of period	10,850,000	\$ 0.31	11,400,000	\$ 0.31
Exercisable, end of period	10,825,000	\$ 0.31	11,287,500	\$ 0.31

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***9. CAPITAL STOCK(Continued)****(c) Stock options (Continued)**

As at January 31, 2016 and April 30, 2015 the following share purchase options were outstanding and exercisable:

Expiry Date	Exercise Price	January 31, 2015		April 30, 2015	
		Outstanding Number of Options	Exercisable Number of Options	Outstanding Number of Options	Exercisable Number of Options
August 3, 2020	\$ 0.31	500,000	500,000	600,000	600,000
October 17, 2020	\$ 0.31 *	-	-	200,000	200,000
November 26, 2020	\$ 0.31 *	2,900,000	2,900,000	2,900,000	2,900,000
February 2, 2021	\$ 0.31 *	300,000	300,000	300,000	300,000
May 5, 2021	\$ 0.31 *	900,000	900,000	900,000	900,000
June 23, 2019	\$ 0.40	-	-	200,000	200,000
July 31, 2024	\$ 0.31	6,250,000	6,225,000	6,300,000	6,187,500
		10,850,000	10,825,000	11,400,000	11,287,500

* On August 1, 2014, the Company reduced the exercise price of 250,000 stock options previously granted to consultants and 4,100,000 stock options previously granted to directors and officers to \$0.31 from \$0.40 (as to 4,150,000 options) and \$0.37 (as to 200,000 options), respectively.

In October 2015, 550,000 stock options, which were previously granted to consultants at the exercise price of \$0.31 and \$0.40 cancelled due to the cessation of their service.

In August 2014, 50,000 of the options re-priced on August 1, 2014, which were previously issued to a consultant of the Company expired due to the cessation of his service.

The weighted average remaining contractual life of options outstanding at January 31, 2016 is 6.97 (April 30, 2015 – 7.61) years.

The Company applied the fair value method in accounting for the stock options granted using the Black-Scholes option pricing model. For the nine months ended January 31, 2016, \$10,424 (2015 - \$1,888,912) share-based payments were recorded for the fair value of share options granted to consultants. The weighted average fair value of share purchase options was estimated using the Black-Scholes option pricing model with following weighted average assumptions and resulting grant dates fair value:

	2015	2014
Risk-free interest rate	2.05%	N/A
Dividend yield	0%	N/A
Expected stock price volatility	155.20%	N/A
Weighted average expected life	9.89 years	N/A
Valuation date fair value of underlying share	\$ 0.30	N/A
Fair value at granted date	\$ 0.29	N/A

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.

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***9. CAPITAL STOCK (Continued)**

(d) Share purchase warrants

Details of the status of the Company's warrants as at January 31, 2016 and April 30, 2015 and changes during the periods are as follows:

	January 31, 2016		April 30, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	23,295,631	\$ 0.39	9,809,790	\$ 0.43
Expired	(5,081,897)	\$ 0.15	(72,000)	\$ 1.00
Exercised	-	-	(513,000)	\$ 0.23
Granted	-	-	14,070,841	\$ 0.36
Balance, end of period	18,213,734	\$ 0.46	23,295,631	\$ 0.39

During the nine months ended January 31, 2016, 5,081,897 expired warrants resulted in the re-allocation of reserves of \$720,837 (2014 - \$106) to deficit.

Share issuance costs of \$207,945 with respect to 1,027,470 finders' warrants issued during the year ended April 30, 2015 was estimated using the Black-Scholes option pricing model with the following assumptions:

	2015	2014
Risk-free interest rate	1.08%	N/A
Dividend yield	0%	N/A
Expected stock price volatility	148.12%	N/A
Weighted average expected life	2 years	N/A
Valuation date fair value of underlying share	\$0.30	N/A

As at January 31, 2016 and April 30, 2015, the following share purchase warrants were outstanding:

		January 31, 2016	April 30, 2015
Expiry Date	Exercise Price	Number of Warrants Outstanding	Number of Warrants Outstanding
26-Jul-15	\$ 0.250	-	296,897
26-Jul-15	\$ 0.140	-	4,785,000
15-Mar-16 *	\$ 0.800	1,922,892	1,922,892
07-Oct-16 **	\$ 0.800	2,220,001	2,220,001
07-Oct-16	\$ 0.375	6,636,800	6,636,800
07-Oct-16	\$ 0.375	7,434,041	7,434,041
		18,213,734	23,295,631

* The expiry date of 1,922,892 warrants with exercise price of \$0.80 was extended from March 15, 2014 to March 15, 2016. Each warrant is now exercisable to purchase one common share for \$0.80 subject to an accelerated expiry if the average closing price of the common share is \$1.20 or higher for 20 consecutive days.

PETRO ONE ENERGY CORP.**Notes to Financial Statements****For the nine months ended January 31***(Expressed in Canadian Dollars - Unaudited)***9. CAPITAL STOCK (Continued)****(d) Share purchase warrants (Continued)**

** The expiry date of 2,220,001 warrants with exercise price of \$0.80 was extended from December 22, 2013 to December 22, 2015, and further extended to October 7, 2016. The exercise price remains at \$0.80.

11. RELATED PARTY TRANSACTIONS

The remuneration of directors and other key management personnel during the nine months ended January 31, 2016 and 2015 was as follows:

	2016		2015	
Short-term benefits	\$	184,275	\$	134,475

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the nine months ended January 31, 2016 and 2015.

The Company's related parties consist of companies controlled by executive officers and directors. The Company incurred the following fees and expenses in the normal course of operations in connection with those companies during the nine months ended January 31, 2016 and 2015:

	2016		2015	
Legal fees	\$	77,468	\$	245,429
Office rent	\$	33,414	\$	33,414
Gross overriding royalty	\$	2,542	\$	24,278
Director's fee	\$	9,000	\$	9,000

Included in accounts payable is \$46,710 (April 30, 2015 - \$9,029) payable to a company controlled by an officer, a company controlled by the spouse of an officer, a company controlled by a director and an officer, as well as to a director and officer of the Company.

All of the above transactions and balances are measured at fair value, which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	January 31, 2016		January 31, 2015	
Accounts payable and accrued liabilities relating to petroleum and natural gas interests	\$	211,619	\$	655,361

PETRO ONE ENERGY CORP.
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11. LOSS PER SHARE

The calculation of basic and diluted loss per share for the nine months ended January 31, 2016 and 2015 is based on the following:

	2016	2015
Net loss (gain) for the period attributable to common shareholders	\$ (414,899)	\$ (2,437,259)
Basic weighted average number of common shares outstanding	72,445,938	60,775,653
Diluted weighted average number of common shares outstanding	72,445,938	60,775,653
Basic and diluted loss per share	\$ (0.006)	\$ (0.040)

All warrants and options are potentially dilutive in the nine months ended January 31, 2016 and 2015, but excluded from the calculation of diluted loss per share are those for which the average market price is below the exercise price.

12. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its petroleum and natural gas, as well as mineral interests, contain economically recoverable reserves and currently has not earned significant revenues from its petroleum and natural gas interests and, therefore, does not generate sufficient cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its petroleum and natural gas interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has sufficient funds and additional receivables and revenue generated from operations to fund its programs for the near term. Although the Company has been successful at raising funds in the past by obtaining funding through issuance of capital stock, it is uncertain whether it can continue this financing methodology.

There have been no changes to the Company's approach to capital management during the period.

13. SEGMENTED DISCLOSURE

The Company primarily operates in one industry segment, the resource industry, and in one geographical segment, Canada. All current exploration activities are conducted in Canada and all of the Company's assets are located in Canada.

14. EVENTS AFTER THE REPORTING DATE

Effective February 29, 2016, the business combination agreement between the Company and Goldstrike (refer to Note 1) was completed. The Company is now a wholly-owned subsidiary of Goldstrike. Accordingly, the Companies have requested that trading in shares of the Company be halted pending delisting of the Company shares by the Exchange.