Goldstrike Resources Ltd.

Consolidated Financial Statements

Six Months Ended June 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

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

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

Goldstrike Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

	Notes	June 30 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		$ 3,575,714	$ 147,715
Accounts receivable	3	72,494	35,826
Prepaid expenses and deposits		182,277	36,854
		3,830,485	220,395
Non-current assets			
Equipment	4	4,539	2,208
Exploration and evaluation assets	5	9,491,172	6,846,910
TOTAL ASSETS		$ 13,326,196	$ 7,069,513
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 451,436	$ 117,873
Loan		-	100,000
		451,436	217,873
Non-Current Liabilities			
Decommissioning liability	9	393,690	-
TOTAL LIABILIITES		845,126	217,873
EQUITY			
Share capital	7	38,025,444	31,613,557
Share-based payment reserves	7	17,450,152	12,971,946
Deficit		(42,994,526)	(37,733,863)
TOTAL EQUITY		12,481,070	6,851,640
TOTAL LIABILITIES AND EQUITY		$ 13,326,196	$ 7,069,513

Nature and continuance of operations (Note 1)

Commitments (Notes 5 and 11)

Subsequent events (Note 11)

Approved on Behalf of the Board on August 25, 2016:

``Lucy Zhang`` ``Terry King``

Director Director

See accompanying notes to the consolidated financial statements

Goldstrike Resources Ltd.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)

		Three month ended June 30		Six month ended June 30	
	Note	**2016**	**2015**	**2016**	**2015**
Expenses					
Listing and filing fees		$ 12,922	$ 2,133	$ 32,130	$ 13,857
Management consulting	8	15,525	3,000	22,700	6,000
Corporate development and communication	8	15,000	8,900	25,933	17,800
Investor relations		3,930	600	8,922	1,993
Office and miscellaneous	8	31,860	14,723	76,544	42,364
Professional fees	8	100,701	37,402	181,125	93,426
Rent		24,750	14,850	44,550	29,700
Accretion		780	-	1,040	-
Stock-based compensation	7	1,060,607	45,930	1,073,636	123,152
		(1,266,075)	(127,538)	(1,466,580)	(328,292)
Other items					
Interest income		(7,237)	(936)	(10,313)	(2,334)
Royalty income		(2,750)	-	(4,599)	-
Amortization	4	773	198	1,258	427
Realized loss (gain) from foreign exchange		3,812	(305)	3,812	(305)
Unrealized loss (gain) from foreign exchange		-	2,148	-	(5,845)
Impairment of exploration and evaluation assets	5	26,330	(7,547)	3,803,925	(7,547)
		(20,928)	6,442	(3,794,083)	15,604
Net and comprehensive gain (loss) for the period		$ (1,287,003)	$ (121,096)	$ (5,260,663)	$ (312,688)
Loss per share, basic and diluted		$ (0.009)	$ (0.001)	$ (0.044)	$ (0.003)
Weighted average number of common shares outstanding, basic and diluted		140,303,724	96,124,948	119,110,355	91,263,069

See accompanying notes to the consolidated financial statements

Goldstrike Resources Ltd.
Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars - Unaudited)
Six months ended June 30, 2016 and 2015

	Share capital		Share-based		
	Number of shares	Amount	Payment Reserve	Deficit	Total
Balance at January 1, 2015	76,036,303	$ 30,283,335	$ 12,832,626	$ (36,464,020)	$ 6,651,941
Comprehensive loss for the period	-	-	-	(312,688)	(312,688)
Shares issued for private placement, net issuance cost	20,000,000	829,862	-	-	829,862
Warrant exercised	916,667	168,637	(90,969)		77,668
Finder's warrants issued	-	-	71,131	-	71,131
Stock-based compensation	-	-	123,152	-	123,152
Balance at June 30, 2015	96,952,970	31,281,834	12,935,940	(36,776,708)	$ 7,441,066
Comprehensive loss for the period	-	-	-	(957,155)	(957,155)
Shares issuance cost	-	-	-	-	-
Flow-through share premium liabilities	-	(76,185)	-	-	(76,185)
Warrant exercised	1,866,666	213,005	(54,339)	-	158,666
Warrants issued for mineral property interest	-	-	7,159	-	7,159
Shares issued for mineral property interest	1,636,688	194,903	-	-	194,903
Stock-based compensation	-	-	83,186	-	83,186
Balance at December 31, 2015	100,456,324	31,613,557	12,971,946	(37,733,863)	$ 6,851,640
Comprehensive loss for the period	-	-	-	(5,260,663)	(5,260,663)
Shares issued for private placement, net issuance cost	21,786,131	2,732,320	54,700	-	2,787,020
Shares issued for acquisition	18,111,487	2,897,838	-	-	2,897,838
Warrants issued for acquisition	-	-	1,477,394	-	1,477,394
Options issued for acquisition	-	-	416,424	-	416,424
Warrants issued for mineral property interest	-	-	1,384,568	-	1,384,568
Warrant exercised	4,387,359	768,645	(156,890)	-	611,755
Warrant repricing	-	-	236,458	-	236,458
Option exercised	50,000	13,084	(8,084)		5,000
Stock-based compensation	-	-	1,073,636	-	1,073,636
Balance at June 30, 2016	144,791,301	$ 38,025,444	$ 17,450,152	$ (42,994,526)	$ 12,481,070

Goldstrike Resources Ltd.
Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars - Unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Operating activities				
Net Income (loss) for the period	$ (1,287,003)	$ (121,096)	$ (5,260,663)	$ (312,688)
Adjustments for non-cash items:				
Amortization	773	198	1,258	427
Impairment of exploration and evaluation assets	26,330	(7,547)	3,803,925	(7,547)
Accretion	780	-	1,040	-
Stock-based compensation	1,060,607	45,930	1,073,636	123,152
Changes in non-cash working capital:				
Receivable	(49,164)	(9,689)	79,499	(7,284)
Prepaid expenses and deposits	(30,839)	23,106	(61,704)	26,191
Trade payables and accrued liabilities	14,784	9,961	87,233	67,608
Net cash flows used in operating activities	(263,732)	(59,137)	(275,776)	(110,141)
Investing activities				
Exploration and evaluation assets acquisition costs	(10,164)	-	(10,164)	-
Exploration and evaluation assets exploration costs	(389,894)	(296,318)	(487,296)	(258,703)
Net cash flows used in investing activities	(400,058)	(296,318)	(497,460)	(258,703)
Financing activities				
Private Placements, net of issuance costs	2,896,505	(1,740)	2,787,020	900,993
Exercise of warrant	603,355	77,668	611,755	77,668
Exercise of option	5,000	-	5,000	-
Asset Acquisition	-	-	897,460	-
Loan	-	-	(100,000)	-
Net cash flows from financing activities	3,504,860	75,928	4,201,235	978,661
Increase (decrease) in cash and cash equivalents	2,841,070	(279,527)	3,427,999	609,817
Cash and cash equivalents, beginning	734,644	975,113	147,715	85,769
Cash and cash equivalents, ending	$ 3,575,714	$ 695,586	$ 3,575,714	$ 695,586
Cash and cash equivalents consist of:				
Cash	$ 257,971	$ 153,934	$ 257,971	$ 153,934
GIC	3,317,743	541,652	3,317,743	541,652
	$ 3,575,714	$ 695,586	$ 3,575,714	$ 695,586

1. Nature and continuance of operations

Goldstrike Resources Ltd. (the "Company") was incorporated under the laws of the province of British Columbia, Canada. The Company trades on the TSV Venture Exchange (the "TSX-V") under the symbol "GSR.V", and the Frankfurt Stock Exchange under the symbol "KCG". The Company acquires and explores exploration and evaluation assets.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2016, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and the private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may materially less than the amounts on its statement of financial position.

In November 2015, the Company entered into a business combination agreement with Petro One Energy Corp. ("Petro One") (the "Arrangement"). The Arrangement was proposed to be carried out under the Business Corporations Act (British Columbia). The proposed Arrangement has been accepted by the TSX-V, approved at the special shareholder meeting and approved by the Supreme Court of British Columbia (the "Court"). The following transactions have been completed as of the effective date of the Arrangement on February 29, 2016:

- Petro One shareholders received one share of the Company for each four shares of Petro One;
- Holders of Petro One warrants exercisable to purchase an aggregate of 17,186,264 Petro One shares at prices of 0.375 to $0.80 will receive one warrant of the Company (each a "New GSR Warrant") exercisable to purchase one share of the Company for $0.15 until Oct. 7, 2016 for each of such Petro One warrants;
- Petro One agent warrants exercisable to purchase an aggregate of 1,027,470 Petro One shares at the price of $0.375 will receive one warrant of Company (each a "New GSR Warrant") exercisable to purchase one share of the Company for $0.375 until Oct. 7, 2016 for each of such Petro One warrants;
- Goldstrike warrants exercisable to purchase an aggregate of 4,000,000 Goldstrike shares at prices of $0.25 and $0.70 will receive one warrant of the Company (each a "New GSR Warrant") exercisable to purchase one share of the Company for $0.15 until June 15, 2016 for each of such Goldstrike warrants;
- The exercise price of an aggregate of 1,307,679 warrants of the Company exercisable to purchase the shares of the Company at a price of $0.80 until June 15, 2016 was reduced to $0.15;
- The exercise term of outstanding warrants of the Company exercisable to purchase an aggregate of 4,000,000 shares of the Company for $0.10 until July 10, 2016 was extended to Oct. 7, 2016;
- All outstanding Petro One incentive stock options was cancelled and the Company issued one stock option exercisable to purchase one share of the Company 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 incentive stock options of the Company was reduced to $0.10, without any change to their original expiry dates.
- The Company 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 shares of the Company at the price of $0.10 each as consideration therefor.

2. Significant accounting policies and basis of preparation

Statement of compliance

These interim consolidated financial statements, including comparatives, are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These interim financial statements have been prepared on the basis of and using accounting policies, methods and computation and presentation consistent with those applied in the audited annual consolidated financial statements for the year ended December 31, 2015.

These interim financial statements do not include all the information required for full annual financial statements and were approved and authorized for issue by the Audit Committee and Board of Directors on August 25, 2016.

Basis of measurement

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars.

Statement of compliance with IFRS

The financial statements of the Company comply with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Significant estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires management to make certain estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share based transactions, the recoverability of deferred tax assets and provisions for restoration and environmental obligations and contingent liabilities.

Critical judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and guaranteed investment certificates.

2. Significant accounting policies and basis of preparation (continued)

Financial instruments

Financial assets and liabilities are initially recognized at fair value.

Financial assets are classified at initial recognition. The subsequent measurement of financial assets depends on their classification.

Financial assets are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement at fair value, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment.

The Company's financial liabilities consist of non-derivative financial liabilities.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company does not have any derivative financial assets and liabilities.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, no value is assigned to the warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining-balance method over their estimated useful lives. Amortization is provided at half the annual rate in the year of acquisition. The estimated useful lives of equipment are reviewed when events and circumstances warrant. The Company's equipment consists of computer equipment and computer software, which are amortized on a 55% and 100% declining-balance basis, respectively.

2. Significant accounting policies and basis of preparation (continued)

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the grant date fair value and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

2. Significant accounting policies and basis of preparation (continued)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Accounting standards issued but not yet applied

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

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.

2. Significant accounting policies and basis of preparation (continued)

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.

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

3. Accounts receivable

Receivables consist of GST receivable of $27,320 (2015 - $9,357), government grants receivable of $nil (2015 - $26,000), other receivables of $nil (2015 - $469), royalty income receivable of $2,914 (2015 - $nil) and loan receivable of $42,260 (2015 - $nil).

(Expressed in Canadian dollars - Unaudited)

4. Equipment

	Computer Equipment	Computer Software	Office Equipment	Total
Cost:				
At December 31, 2014	$ 12,641	$ 5,530	$ -	$ 18,171
Additions during the year 2015	1,474	-	-	1,474
At December 31, 2015	14,115	5,530	-	19,645
Additions for six months 2016	9,811	186,341	1,525	197,677
At June 30, 2016	$ 23,926	$ 191,871	$ 1,525	$ 217,322
Amortization:				
At December 31, 2014	$ 10,973	$ 5,530	$ -	$ 16,503
Change for the year	934	-	-	934
At December 31, 2015	11,907	5,530	-	17,437
Change for six months 2016	8,643	185,721	982	195,346
At June 30, 2016	$ 20,550	$ 191,251	$ 982	$ 212,783
Net book value:				
At December 31, 2015	$ 2,208	$ -	$ -	$ 2,208
At June 30, 2016	$ 3,376	$ 620	$ 543	$ 4,539

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets is as follows:

			Exploration																
	Balance at Dec 31, 2015	**Acquisition**	Assessment	Trenching & Drilling	Capitalized production costs	Revenue offset capitalized costs	Contractors & Labour	Exploration Management	Logistics	Travel & Accommodation	Mapping	Permitting	Geological & Geophysical Consulting	Well Equipment	Decommissioning Cost	**Subtotal**	Government Grant	Impairment	**Balance at June 30, 2016**
Mineral Property Interests																			
BRC	$ 263,997	$ 130,495	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 130,495	$ -	$ -	$ 394,492
Cando2	56,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,039
Lucky Strike	851,773	114,619	1,200	-	-	-	4,089	15,933	7,931	21,144	-	-	7,047	-	-	171,963	1,375	-	1,025,111
Plateau	5,270,133	1,510	-	-	-	-	80,863	35,933	96,540	64,294	25,782	2,915	90,247	-	-	398,084	-	-	5,668,217
St. Patrick	13,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,389
Strike Claims	44,095	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,095
Summit	347,484	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	347,484
Total:	6,846,910	246,624	1,200	-	-	-	84,952	51,866	104,471	85,438	25,782	2,915	97,294	-	-	700,542	1,375	-	7,548,827
Oil and Gas Property Interests																			
Milton	-	838,044	-	2,817,071	1,893,782	(1,430,601)	-	-	-	-	-	-	1,251,096	166,971	209,905	5,746,270	-	(3,803,925)	1,942,345
Total:	$ 6,846,910	$ 1,084,668	$ 1,200	$ 2,817,071	$ 1,893,782	$ (1,430,601)	$ 84,952	$ 51,866	$ 104,471	$ 85,438	$ 25,782	$ 2,915	$ 1,348,390	$ 166,971	$ 209,905	$ 6,446,812	$ 1,375	$ (3,803,925)	$ 9,491,172

(Expressed in Canadian dollars - Unaudited)

5. **Exploration and evaluation assets** (Continued)

A continuity of the Company's exploration and evaluation assets is as follows:

	Balance at Dec 31, 2014	**Acquisition**	Assay	Assessment	Trenching & Drilling	Contractors & Labour	Exploration Management	Logistics	Travel & Accommodation	Mapping	Geological & Geophysical Consulting	Land Management	**Subtotal**	Government Grants	Impairment	**Balance at Dec 31, 2015**
Mineral Property Interests																
Big One	$ 381,916	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (381,916)	$ -
BRC	260,519	3,478	-	-	-	-	-	-	-	-	-	-	3,478	-	-	$ 263,997
Cando2	56,039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 56,039
Gull	233,243	-	-	-	-	-	-	-	-	-	-	-	-	-	(233,243)	$ -
Lucky Strike	766,412	15,472	4,235	5,945	-	11,818	35,600	10,394	13,256	-	14,561	80	111,361	(26,000)	-	$ 851,773
Plateau	4,216,577	188,002	44,953	28,416	129,327	72,783	35,600	178,437	157,785	1,709	216,544	-	1,053,556	-	-	$ 5,270,133
St. Patrick	13,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 13,389
Strike Claims	44,095	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 44,095
Summit	347,484	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 347,484
	6,319,674	206,952	49,188	34,361	129,327	84,601	71,200	188,831	171,041	1,709	231,105	80	1,168,395	(26,000)	(615,159)	6,846,910
Oil and Gas Property Interests																
Milton	89,160	-	-	-	-	-	-	-	-	-	-	-	-	-	(89,160)	-
S.Reston	-	-	-	-	-	-	(7,547)	-	-	-	-	-	(7,547)	-	7,547	-
Total:	$ 6,408,834	$ 206,952	$ 49,188	$ 34,361	$ 129,327	$ 84,601	$ 63,653	$ 188,831	$ 171,041	$ 1,709	$ 231,105	$ 80	$ 1,160,848	$ (26,000)	$ (696,772)	$ 6,846,910

5. Exploration and evaluation assets (continued)

B2 Syndicate Option Agreements

On March 22, 2011, the Company entered into option agreements with the B2 Syndicate (the "Syndicate") to earn up to 100% interest in properties located in the Yukon Territory. Two directors and an officer of the Company are members of the Syndicate. The properties are subject to a 3% Net Smelter Royalty ("NSR") royalty which may be reduced by 1% for a payment of $1,500,000.

The agreement terms for the properties are as follows:

Big One

The option agreement was amended on October 29, 2012. Under the amended agreement, the Company is required to make the following payments:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 500,000 shares by November 1, 2012 (issued);
- Issue 500,000 shares and pay $200,000 or issue shares in the equivalent amount, by November 1, 2015;
- Issue 750,000 shares and pay $300,000 or issue the amount in shares, by November 1, 2016; and
- Issue 750,000 shares and pay $500,000 or issue the amount in shares, by November 1, 2017.

During the year ended December 31, 2015, the Company allowed the option agreement on Big One to expire and fully impaired the property.

Gull, Jimmy and Klaza

The option agreements were amended on October 29, 2012. Under the amended agreements, the Company is required to make the following payments for each of the properties:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);
- Issue 100,000 shares by November 1, 2012 (issued);
- Issue 500,000 shares and pay $200,000 or issue the amount in shares, by November 1, 2015;
- Issue 750,000 shares and pay $300,000 or issue the amount in shares, by November 1, 2016; and
- Issue 750,000 shares and pay $500,000 or issue the amount in shares, by November 1, 2017.

During the year ended December 31, 2014, the Company allowed the claims on the Klaza and Jimmy properties to lapse and fully impaired the properties.

During the year ended December 31, 2015, the Company allowed the option agreement on Gull to expire and fully impaired the property.

Plateau

The option agreement was amended on November 1, 2013. Under the amended agreement, the Company is required to make the following payments:

- $90,000 (paid) and issue 450,000 shares on June 15, 2011 (issued);

5. Exploration and evaluation assets (continued)

***B2 Syndicate Option Agreements** (continued)*

Plateau (continued)

- Issue 500,000 shares (issued), pay $100,000 or issue shares in the equivalent amount (paid), and incur $100,000 in exploration expenditures (incurred) by November 1, 2012;
- Issue 500,000 shares (issued) and pay $200,000 or issue shares in the equivalent amount (324,676 shares issued) by November 30, 2013;
- Issue 750,000 shares (issued) and pay $300,000 or issue the amount in shares (487,013 shares issued) by November 1, 2014 (Note 7); and
- Issue 750,000 shares (issued), pay $500,000 or issue the amount of shares (811,688 shares issued), and incur $2,500,000 in exploration expenditures (expenditures incurred) by November 1, 2015 (Note 7).

Goldspike Exploration Inc. Option Agreement

Summit

On March 14, 2011, and as amended May 1, 2013, the Company entered into an option agreement with Goldspike Exploration Inc. to earn up to 100% interest in the Summit property located in the Yukon Territory. The property is subject to a 3% NSR which may be reduced by 1% for a payment of $1,500,000.

Under the amended agreement, the Company is required to make the following payments:

- $50,000 (paid) and issue 200,000 shares on June 15, 2011 (issued);
- Issue 300,000 shares (issued), pay $100,000 or issue shares in the equivalent amount (192,308 shares issued), and incur $100,000 in exploration expenditures (incurred) by October 31, 2012;
- Issue 200,000 shares by May 31, 2013 (issued)(Note 7);
- Issue 800,000 shares and pay $125,000 or issue shares in the equivalent amount by October 30, 2016; and
- Issue 600,000 shares, pay $250,000 or issue shares in the equivalent amount, and incur $1,000,000 in exploration expenditures by October 31, 2017.

Petro One Option Agreements

During the year ended December 31, 2011, the Company entered into option agreements with Petro One, to acquire the Lucky Strike and BRC properties which are located in the Yukon Territory, Canada.

Lucky Strike

Under the option agreement dated November 23, 2010, the Company is required to meet the following conditions in order to earn a 70% interest in the Lucky Strike property:

- Issue 2,000,000 shares and 4,000,000 warrants on June 15, 2011 (issued);
- An exploration program costing not less than $300,000 for Petro One to incur qualifying expenses as required by an underlying option agreement by December 31, 2011 (condition met);

5. Exploration and evaluation assets (continued)

Petro One Energy Corp. Option Agreements *(continued)*

Lucky Strike (continued)

- Issue 1,000,000 shares by June 20, 2012 (issued);
- Pay $50,000 (paid) and issue 1,000,000 shares by June 20, 2013 (issued);

On November 20, 2013, all future commitments under the option agreement were waived as part of a joint venture agreement with Petro One (the "Joint Venture") and the Company was deemed to have exercised its options on the property and earned its interest. (See *"Petroleum and natural gas exploration assets – Joint venture"*).

On Feb 29, 2016, the Company 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 shares of the Company at the price of $0.10 each as consideration therefor.

BRC

Under the option agreement dated March 24, 2011, and as amended October 29, 2012, the Company is required to make the following payments in order to earn a 100% interest in the BRC property:

- Issue 2,000,000 shares and 3,000,000 warrants on June 15, 2011 (issued); and
- Arranging for an exploration program costing not less than $200,000 for Petro One to incur qualifying expenses as required by an underlying option agreement by December 31, 2011 (condition met).

On November 20, 2013, all future commitments under the option agreement were waived as part of the Joint Venture and the Company was deemed to have exercised its options on the property and earned its interest. (See *"Petroleum and natural gas exploration assets – Joint venture"*).

On December 10, 2015, the Company issued 75,000 shares with fair value of $7,500 and 75,000 warrants exercisable at $0.10 for two years with fair value of $7,159, in connection with the purchase of royalties equal to 3% net smelter returns from the Lucky Strike and BRC properties.

Cando2 Property

On September 8, 2011, the Company entered into a staking agreement with 517769 B.C. Ltd, a company owned by the spouse of an officer of the Company, and 1511558 Alberta Inc., a company partially owned by a director of the Company (collectively the "Vendors"). The Vendors identified the property for staking; the Company acquired the information from the Vendors and staked the property for the sole benefit of the Company subject to a 3% NSR royalty which may be reduced by 1% for a payment of $1,500,000.

Strike Claims Property

On July 25, 2013, the Company entered into an agreement to purchase a 100% interest in 39 mineral claims in Yukon Territory for a cash payment of $20,000 (paid) and the issuance of 225,000 shares (issued).

St. Patrick Property

St. Patrick Property is located in the Yukon Territory and was acquired by staking. During the year ended December 31, 2013, the Company fully impaired all the staked properties except the St. Patrick property.

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (continued)

Petroleum and natural gas exploration assets

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

(a) Complete a seismic program on or before October 30, 2012 (completed); and
(b) 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 Subsidiary made a cash payment of $15,000 to PrairiesSky 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, Petro One paid an additional cash payment of $15,000 to extend the deadline to December 31, 2013. In November 2013, the Subsidiary made a third payment of $15,000 extending the deadline to October 31, 2014. In October 2014, the Subsidiary 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 Subsidiary 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.

During the year ended April 30, 2013, the Subsidiary 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.

On May 21, 2013, the Subsidiary completed the sale of its 100% owned J11 property in the Hardy Minton area of southeastern Saskatchewan. Under the terms of the agreement, Petro One received $105,000 cash and a 7.5% GOR on all future oil production, surface to basement, for its working interest in the property.

On February 3, 2014, the Subsidiary signed an inclusion agreement on the land and leases acquired by the purchaser of the J11 property in the Hardy Minton area in Saskatchewan. Under the inclusion agreement, the GOR on all future oil production, surface to basement, for its working interest in the additional land and leases acquired by the purchaser in the Hardy Milton area is agreed to be 3.75%.

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

5. Exploration and evaluation assets (continued)

Petroleum and natural gas exploration assets *(Continued)*

As of June 30, 2016, the Company determined that six Milton wells are not recoverable and recognized an impairment charge of $4,016,187.

Petroleum and natural gas exploration assets – Joint venture

On February 14, 2014, the TSX-V approved an agreement for the Joint Venture between the Company and Petro One to drill oil wells on leases controlled by Petro One in Manitoba and Saskatchewan whereby the Company has the right to earn a 50% working interest. The first well contemplated under the agreement is Well #SR1 in the South Reston property in Manitoba. In order to acquire 50% working interest in Well #SR1, the Company must share in 50% of the cost of drilling the well and bear 100% of the completion costs. Upon executing the Joint Venture, the Company paid Petro One $50,000 and advanced its share of capital costs in the amount of $650,000. Petro One waived future option payments on the Lucky Strike and BRC properties and the Company will be deemed to have exercised its options on the properties and earned its interest.

In May 2014, the Company and Petro One amended the Joint Venture in order to defer completion of Well #SR1 and instead to drill a well on Petro One's J5 Milton property in Manitoba. Under the terms of the amended agreement, the Company will pay 100% of the testing and equipping costs to earn a 50% working interest in that well.

The Company also has the option to earn 50% of working interests in any other previously drilled wells at Milton within two years of the amendment.

The Company has the option to drill one well at a Milton location (the "Milton Option") to be selected by Petro One, paying 100% to earn 50% working interest within two years of the amendments. If the Company options to drill a vertical well, it will have the option to drill up to three additional vertical wells. The Company has 90 days in each case after the rig release date for the previous well.

If Petro One disposes the property to a third party before the Company exercises the Milton Option, the Milton Option will terminated and the Company will be entitled to:

(a) the lessor of $50,000 and 10% of cash (or equivalent) received by Petro One;
(b) 50% of gross overriding royalty interests ("GORR") received by Petro One on production from the first well drilled by the third party; and
(c) a working interest equal to 50% of Petro One's working interest in the first well drilled by the third party.

The Company retains the right for two years to complete Well #SR1 and the right to drill option wells at South Reston if Well # SR1 is brought into production by the Company by paying 100% of the costs of additional testing and completion and equipping of Well #SR1, as well as lease maintenance costs.

If Petro One disposes the South Reston property to a third party before the Company exercises its options, the Company will be entitled to:

(a) the lessor of $350,000 and 10% of cash (or equivalent) received by Petro One;
(b) 50% of GORR received by Petro One on production from Well #SR1 and production the first well drilled by the third party; and
(c) 50% of Petro One's working interest in Well #SR1 and the first well drilled by the third party.

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (continued)

Petroleum & natural gas exploration assets – Joint venture *(continued)*

In November 2014, the Company and Petro one further amended the Joint Venture. Under the amended agreement, Petro One proposed to proceed with a re-work and test of Well #SR1. Petro One will carry out the test and advance 100% of the test costs. If funding is received by Petro One from a third party and Petro One is reimbursed from such funding for all test costs and any other costs incurred by Petro One in respect of Well #SR1 subsequent to the completion of the Well #SR1 test, the Company will be entitled to 50% of Petro One's working interest in Well #SR1 with no additional cost. If funding is not received from a third party, the Company will be entitled to a 25% working interest in Well #SR1, at no additional cost to the Company, after Petro One has recovered from production from Well #SR1. If Petro One 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, the Company will be entitled, at no additional cost, to

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

During the year ended December 31, 2014, management determined that the carrying value of Well #SR1 on the South Reston property is not recoverable and fully impaired the property.

6. Trade payables and accrued liabilities

		June 30, 2016		December 31, 2015
Accounts Payable	$	407,043	$	420
Accrued Liabilities		15,788		22,090
Due to related parties (Note 8)		28,605		95,363
	$	451,436	$	117,873

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital during the six months ended June 30, 2016

For the six months ended June 30, 2016, the Company issued 4,387,359 common shares upon the exercise of warrants with exercise price ranging from $0.06 to $0.15 for gross proceeds of $611,755.

On April 26, 2016, the Company issued 50,000 common shares upon the exercise of options with exercise price at $0.10 for gross proceeds of $5,000.

On April 05, 2016, the Company completed the second and last trench of the private placement with gross proceeds of $580,000 by issuing 4,461,538 non-flows-through units at the price of $0.13 per unit. Each NFT Unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional share for $0.25 until March 24, 2019.

7. Share capital (continued)

Issued share capital during the six months ended June 30, 2016 *(continued)*

On March 24, 2016, the Company raised $1,521,777 by issuing 11,705,979 non flow-through units at the price of $0.13 per unit. Each NFT Unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional share for $0.25 for 36 months after the closing date. The Company issued 148,600 non-flow-through shares in finders' fees in connection with the private placement.

On March 21, 2016, the Company completed a private placement with gross proceeds of $929,902 by issuing 5,470,014 flow-through units at the price of $0.17 per units. Each FT Unit is comprised of one common share which is a "flow-through" share for the purposes of the Income Tax Act (Canada) and one share purchase warrant exercisable to purchase one additional share for $0.30 for 24 months after the closing date.

On February 29, 2016, the Company issued 18,111,487 common shares with fair value of $2,897,838, in connection with the business combination with Petro One.

Issued share capital prior to the six months ended June 30, 2016

During the year ended December 31, 2015, the Company issued 2,783,333 common shares on the exercise of warrants with exercise prices ranging from $0.06 to $0.10 for gross proceeds of $236,333. On exercise, $145,308 was reclassified from share-based payment reserve to share capital.

In December 2015, the Company issued 75,000 common shares with a fair value of $7,500, in connection with the purchase of royalties equal to 3% net smelter returns from the Lucky Strike and 3% net smelter returns from the BRC properties.

In September 2015, the Company issued 750,000 common shares with a fair value of $90,000 and an additional 811,688 common shares with a fair value of $97,403 pertaining to the Plateau property option agreement (Note 5).

In February 2015, the Company closed a non-brokered private placement and raised $1,000,000 by issuing 14,920,000 non-flow-through units (each a "NFT Unit") and 5,080,000 flow-through units (each a "FT Unit"), all at the price of $0.05 per unit. Each NFT Unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional share for $0.06 for 60 months after the closing date. Each FT Unit is comprised of one common share which is a "flow-through" share for the purposes of the Income Tax Act (Canada) and one-half of a share purchase warrant, with each full warrant exercisable to purchase one additional share for $0.10 for 24 months after the closing date. Shares issuable on any exercise of warrants comprised in the FT Units and NFT Units are not "flow-through" shares. A flow-through share premium liability of $85,769 has been recognized and settled in connection with the issuance of the "flow-through" shares.

In connection with the offering, the Company paid finder's fees of $44,030 and issued 714,000 finders' warrants with a fair value of $71,131 which are exercisable to purchase one share for $0.06 for 24 months after closing and 306,600 finders' warrants which are exercisable to purchase one share for $0.10 for 24 months after closing. Other share issuance costs incurred in connection with this offering totalled $54,976.

In October 2014, the Company issued 750,000 common shares with a fair value of $45,000 and an additional 487,013 common shares with a fair value of $29,221 pertaining to the Plateau property option agreement (Note 5).

7. Share capital (continued)

Issued share capital prior to the six months ended June 30, 2016 *(con't)*

In July 2014, the company closed a non-brokered private placement and raised $200,000 by issuing 4,000,000 flow-through ("FT") units at the price of $0.05 per FT unit. Each FT unit is comprised of one "flow-through" common share and share purchase warrant. All FT Shares and any shares issued on the exercise of the Warrants are subject to a four-month hold period from the closing date. The premium paid by the investors for the flow-through component was determined to be nominal. No value was assigned to the warrants. The Company incurred share issuance costs of $10,695 in connection with this financing.

Renunciation of exploration expenditure

The Company incurred $929,848 qualifying exploration expenditures under its flow-through share program. As at June 30, 2016, $152,528 related exploration expenditure has been incurred.

As at December 31, 2015, the Company incurred and renounced $253,949 qualifying exploration expenditures under its flow-through share program.

Stock options

The Company has adopted a stock option plan, which provides that the Board of Directors of the Company may, in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

(Expressed in Canadian dollars - Unaudited)

7. Share capital (continued)

Stock options *(Continued)*

As at June 30, 2016, the Company had the following options outstanding and exercisable:

Date Issued	Expiry Date	Exercise Price		Number of Options Outstanding	Number of Options Exercisable
January 26, 2011	January 26, 2021	$	0.10	650,000	650,000
August 5, 2011	August 5, 2021	$	0.17	440,000	440,000
August 5, 2011	August 5, 2021	$	0.10	2,900,000	2,900,000
August 19, 2011	August 19, 2021	$	0.10	100,000	100,000
August 30, 2011	August 30, 2021	$	0.10	300,000	300,000
October 17, 2011	October 17, 2021	$	0.17	100,000	100,000
June 23, 2014	June 23, 2024	$	0.10	1,700,000	1,700,000
August 15, 2014	August 15, 2024	$	0.10	2,100,000	2,100,000
January 13, 2015	January 13, 2020	$	0.05	1,000,000	1,000,000
March 6, 2015	March 5, 2020	$	0.10	1,050,000	500,000
February 29, 2016	August 3, 2020	$	0.10	125,000	125,000
February 29, 2016	November 26, 2020	$	0.10	725,000	725,000
February 29, 2016	February 2, 2021	$	0.10	75,000	75,000
February 29, 2016	May 5, 2021	$	0.10	225,000	225,000
February 29, 2016	July 31, 2024	$	0.10	1,562,500	1,556,250
April 11, 2016	April 11, 2021	$	0.16	400,000	-
April 19, 2016	April 19, 2026	$	0.17	1,000,000	1,000,000
April 28, 2016	April 28, 2026	$	0.18	2,350,000	2,350,000
May 6, 2016	May 6, 2026	$	0.18	3,000,000	3,000,000
				19,802,500	18,846,250

A continuity of the Company's options is as follows:

	June 30, 2016			December 31, 2015		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of year	10,390,000	$	0.09	8,740,000	$	0.10
Options granted	9,462,500		0.17	2,100,000		0.08
Option cancelled	-		-	(450, 000)		0.20
Option exercised	(50,000)		0.10	-		-
Options outstanding, end of period	19,802,500	$	0.13	10,390,000	$	0.09

As at May 6, 2016, 3,000,000 stock options were granted to a director and an officer of the Company. All of the options were vested 100% upon issuance and are exercisable at the price of $0.18 per share until May 6, 2026.

As at April 29, 2016, 2,350,000 stock options were granted to directors and independent consultants of the Company. All such options are vested 100% upon issuance and are exercisable at the price of $0.18 per share until April 28, 2026.

7. Share capital (continued)

Stock options *(Continued)*

As at April 20, 2016, 1,000,000 stock options were granted to a director and officer of the Company. All of the options were vested 100% upon issuance and are exercisable at the price of $0.17 per share until April 20, 2026.

As at April 12, 2016, 400,000 stock options were granted to independent consultants of the Company at the exercise price of $0.16 per share until April 11, 2021. All of the options will vest and become exercisable over two years (25% each six months after the date of grant).

As at February 29, 2016, the Company granted 2,712,500 stock options to directors, officers and consultants at an exercise price of $0.10 per share with expiry dates varied from March 05, 2020 to July 31, 2024, pursuant to the Arrangement Agreement with Petro One.

In June 2015, the Company cancelled 450,000 stock options which were granted to consultants who are no longer providing services to the Company.

As at March 06, 2015, the Company granted 1,100,000 incentive stock options to two independent consultants at an exercise price of $0.20 per share until March 5, 2020. The options will vest and become exercisable over two years (25% each six months after the grant date).

As at January 13, 2015, the Company granted 1,000,000 incentive stock option to an independent consultant. All of the options were vested 100% upon issuance and are exercisable at the price of $0.05 per share until January 13, 2020.

The fair value of stock options granted for the year ended December 31, 2015 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of 5 years, volatility of 177.02 %, dividend yield of 0% and risk-free interest rate of 2.02%.

As at August 15, 2014, 2,100,000 stock options were granted to directors and an officer of the Company. All of the options were vested 100% upon issuance and are exercisable at the price of $0.20 per share until August 15, 2024. The fair value of the stock options was determined to be $334,258 using the Black-Scholes option pricing model with the following assumptions: expected life of 10 years, volatility of 177%, dividend yield of 0% and risk-free interest rate of 2.02%.

As at June 23, 2014, 1,700,000 stock options were granted to directors and officers of the Company. All of the options vested upon issuance and are exercisable at the price of $0.20 per share until June 23, 2024. The fair value of the stock options was determined to be $92,637 and was estimated using the Black-Scholes option pricing model using the following assumptions: expected life of 10 years, volatility of 176%, and dividend yield of 0% and risk-free rate of 2.33%.

The weighted average grant date fair value of options granted during the year ended December 31, 2014 was $0.11 per option.

As at June 25, 2014, the Company's board approved the amendment of 1,790,000 incentive option previously granted to consultants of the Company and 3,150,000 incentive options previously granted to directors and officers of the Company by reducing the exercise price to $0.20. The incremental increase of the fair value of the options as a result of the amendment was nominal.

As at November 18, 2015, the Company reduced the exercise price of 2,440,000 stock options previously granted to consultants and 6,950,000 stock options previously granted to directors and officers to $0.10 from $0.20. The Company recognized stock-based compensation of $22,032 (2014 - $nil).

(Expressed in Canadian dollars - Unaudited)

7. Share capital (continued)

Stock options *(Continued)*

As at June 30, 2016, the Company recognized stock-based compensation of $1,073,636 (2015 - $123,152) for stock options that vested during the period.

As at June 30, 2016, 18,806,250 options were exercisable. The weighted average life and weighted average exercise price of exercisable options are 7.87 years and $0.13, respectively.

Share purchase warrants

As at June 30, 2016, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price		Number of warrants outstanding
July 10, 2014	October 7, 2016	$	0.10	4,000,000
February 13, 2015	February 13, 2017	$	0.06	224,000
February 13, 2015	February 13, 2017	$	0.10	1,546,600
February 13, 2015	February 13, 2020	$	0.06	14,220,000
February 29, 2016	February 28, 2021	$	0.10	9,055,742
February 29, 2016	July 26, 2016	$	0.15	16,303,726
February 29, 2016	October 7, 2016	$	0.38	1,027,470
March 21, 2016	March 21, 2018	$	0.30	5,470,014
March 24, 2016	March 24, 2019	$	0.25	16,167,517
				68,015,069

A continuity of the Company's warrants is as follows:

	June 30, 2016			December 31, 2015		
	Number of Common Shares Issuable	Weighted Average Exercise Price		Number of Common Shares Issuable	Weighted Average Exercise Price	
Warrants outstanding, beginning	31,183,279	$	0.21	17,363,454	$	0.34
Warrants issued	48,907,007		0.19	18,555,600		0.07
Warrants expired	(7,687,857)		0.22	(1,952,442)		0.20
Warrants exercised	(4,387,360)		0.14	(2,783,333)		0.09
Warrants outstanding, ending	68,015,069	$	0.20	31,183,279	$	0.21

On April 05, 2016, the Company issued 4,461,538 warrants at an exercise price of $0.25 and exercisable until April 05, 2019, as part of a non-flow-through private placement offering.

On March 23, 2016, the Company issued 11,705,979 warrants at an exercise price of $0.25 and exercisable until March 24, 2019, as part of a non-flow-through private placement offering.

On March 21, 2016, the Company issued 5,470,014 warrants at an exercise price of $0.30 and exercisable until March 21, 2018, as part of a flow-through private placement offering.

On February 29, 2016, the Company issued 18,213,734 warrants at the exercise price of $0.10 and $0.375 and exercisable until October 07, 2016, in connection with the business combination with Petro One.

(Expressed in Canadian dollars - Unaudited)

7. Share capital (continued)

Share purchase warrants *(Continued)*

On February 29, 2016, the Company issued 9,055,742 warrants at the exercise price of $0.10 and exercisable until February 28, 2021, in connection with the acquisition of 30% interest in the Lucky Strike property.

On February 29, 2016, the Company reduced the exercised prices of 8,307,679 warrants from $0.80, $0.70 and $0.25 to $0.15.

On February 29, 2016, the expiry date of 4,000,000 warrants with exercise price of $0.10 was extended from July 10, 2016 to October 07, 2016.

On February 29, 2016, the Company reduced the exercise prices of 7,000,000 warrants from $0.25 and $0.70 to $0.15.

On December 10, 2015, the Company issued 75,000 warrants at an exercise price of $0.10 and exercisable until December 10, 2017, in connection with the purchase of royalties equal to 3% of net smelter returns from the Lucky Strike and 3% of net smelter returns from the BRC properties. The estimated fair value of the warrants on issuance was $7,159.

On February 13, 2015, the Company issued 14,920,000 warrants at an exercise price of $0.06 and exercisable until February 13, 2020, as part of a non-flow-through private placement offering. 714,000 finder's warrant at exercise price of $0.06 and exercisable until February 13, 2017 were also issued. The fair value of the finder's warrants was $50,971.

On February 13, 2015, the Company issued 2,540,000 warrants at an exercise price of $0.10 and exercisable until February 13, 2017, as part of a flow-through private placement offering. 306,600 finder's warrant at exercise price of $0.10 and exercisable until February 13, 2017 were also issued. The fair value of the finder's warrants was $20,160.

On July 10, 2014, the Company issued 4,000,000 warrants at an exercise price of $0.10 and exercisable until July 10, 2016, as part of a flow-through private placement offering.

On May 30, 2014, the expiry date of 1,307,679 warrants with exercise price of $0.80 was extended from June 15, 2014 to June 15, 2016. The incremental increase in the fair value of the warrants was nominal.

The fair value of warrants issued during the six months ended June 30, 2016 was estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2016
Risk-free interest rate	0.51%
Dividend yield	-
Expected stock price volatility	135.61%
Weighted average expected life (years)	0.52

As at June 30, 2016, the weighted average exercise price and weighted average life of the warrants are $0.20 and 1.60 years, respectively.

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian dollars - Unaudited)

8. Related party transactions

Related party transactions with directors and officers as at June 30, 2016 and December 31, 2015 are as follows:

		June 30, 2016		December 31, 2015
Legal fees incurred to a firm of which the Chairman is a principal	$	131,361	$	150,001
Share issue costs incurred to a firm of which the Chairman is a principal		70,685		47,383
Rent incurred to a company controlled by the Chief Operating Officer's spouse		11,138		14,850
Rent incurred to a company controlled by the Chairman		11,138		14,850
Rent incurred to a company controlled by the President of the subsidiary		3,713		-
Geological consulting fees incurred to a Director of the Company and capitalized to exploration and evaluation assets		20,200		131,335

Key personnel compensation:

		June 30, 2016		December 31, 2015
Management and accounting fees incurred to the Chief Financial Officer	$	45,400	$	24,000
Corporate development and communication fees incurred to the Chief Operating Officer		25,933		35,600
Exploration management fees incurred to the Chief Operating Officer and capitalized to exploration and evaluation assets		51,867		71,200
Directors' fees incurred to directors of the Company		6,333		12,000

In March 2016, the Company issued 400,000 non-flow-through units at the price of $0.13 per unit to the Chairman and an officer of the Company for gross proceeds of $52,000 (Note 7).

In February 2015, the Company issued 300,000 non-flow-through units at the price of $0.05 per unit to a Director of the Company for gross proceeds of $15,000 and issued 500,000 flow-through units at the price of $0.05 per unit to a Director of the Company for gross proceeds of $25,000 (Note 7).

As at June 30, 2016 $29,553 (December 31, 2015 - $95,553) was owing to related parties and has been included in trade payables and accrued liabilities (Note 6). The amounts are unsecured, non-interest bearing and due on demand.

9. Decommissioning Liabilities

		June 30, 2016
Opening balance	$	392,650
Accretion		1,040
Closing balance	$	393,690

9. Decommissioning Liabilities (Continued)

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 $393,690 as at June 30, 2016. These payments are expected to be made over the next two to five years.

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

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. The fair value of cash and cash equivalents are minimally affected by changes in short term interest rates.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

11. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

12. Subsequent events

Up to the report date, the Company issued 15,747,115 common shares on the exercise of warrants with exercised prices ranging from $0.06 to $0.30 for gross proceeds of $2,198,038.

The expiry dates of 200,000 options held by consultants were extended from August 05, 2016 to August 05, 2021, and from October 17, 2016 to October 17, 2021, respectively. The exercise price of all such options was increased from $0.10 to $0.17 per share at the commencement of the extended term.

On July 6, 2016, the Company issued 100,000 common shares on the exercise of options with exercised prices at $0.10 for gross proceeds of $10,000.

On July 26, 2016, 100,000 stock options were granted to an independent consultant of the Company at the exercise price of $0.26 per shares until July 26, 2021. All of the options will vest and become exercisable over one year (25% each three months after the date of grant).

On July 29, 2016, 200,000 stock options were granted to independent consultants of the Company at the exercise price of $0.26 per shares until July 29, 2021. All of the options will vest and become exercisable over one year (25% each three months after the date of grant).

On August 4, 2016, the Company issued 300,000 common shares on the exercise of options with exercised prices at $0.10 for gross proceeds of $30,000.

On August 18, 2016, the Company issued 100,000 common shares on the exercise of options with exercised prices at $0.10 for gross proceeds of $10,000.