BROOKWATER VENTURES INC

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended July 31, 2015 and 2014

(Expressed in Canadian Dollars)

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brookwater Ventures Inc.

We have audited the accompanying consolidated financial statements of Brookwater Ventures Inc. and its subsidiary, which comprise the consolidated statements of financial position as at July 31, 2015 and 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brookwater Ventures Inc. and its subsidiary as at July 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended July 31, 2015 and a cumulative deficit as at July 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
October 26, 2015

BROOKWATER VENTURES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

($ Canadian)		**July 31, 2015**		July 31, 2014
ASSETS				
Current				
Cash	**$**	**9,537**	$	100,275
Accounts receivable (Note 4)		**455**		5,677
Prepaid expenses and deposits		**1,135**		1,051
Total current assets		**11,127**		107,003
Total assets	**$**	**11,127**	$	107,003
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 6)	**$**	**1,402,893**	$	2,872,148
Provisions (Note 6)		**3,999,332**		4,397,119
Promissory note (Note 6)		**-**		1,205,103
Second promissory note (Note 6)		**-**		172,868
Total current liabilities		**5,402,225**		8,647,238
Shareholders' deficiency				
Common shares (Note 7)		**2,158,485**		97,501
Contributed surplus (Note 7)		**787,459**		787,459
Deficit		**(9,617,765)**		(9,408,736)
Accumulated other comprehensive (loss)/income		**1,280,723**		(16,459)
Total shareholders' deficiency		**(5,391,098)**		(8,540,235)
Total liabilities and shareholders' deficiency	**$**	**11,127**	$	107,003

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 10)

APPROVED ON BEHALF OF THE BOARD ON OCTOBER 26, 2015:

Signed *"Ahmed Said"* __________, DIRECTOR

Signed *"Scott Moore"* __________, DIRECTOR

BROOKWATER VENTURES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Years ended	
($ Canadian)	**July 31, 2015**	July 31, 2014
Expenses		
Wages, salaries and consulting fees	**179,611**	450,657
Professional fees	**26,960**	27,609
General office expenses (recovery)	**15,304**	(32,948)
Travel expenses	**1,725**	-
Shareholder comunications and filing fees	**42,251**	34,765
Foreign exchange loss	**148,855**	66,352
Impairment on exploration and evaluation and other assets (Note 5)	**596,114**	2,211,006
Concession from creditors (Note 6)	**(965,913)**	(179,702)
Total expenses before other income and expenses	**44,907**	2,577,739
Other income and expenses		
Interest expense	**(164,122)**	(170,891)
	(164,122)	(170,891)
Net loss for the year	**(209,029)**	(2,748,630)
Other comprehensive income (loss)		
Foreign currency translation	**1,297,182**	(282,329)
Comprehensive income (loss) for the year	**1,088,153**	(3,030,959)
Basic and diluted income (loss) per share (Note 9)	**(0.02)**	(0.51)
Weighted average number of common shares outstanding basic and diluted	11,440,276	5,352,474

See accompanying notes to the consolidated financial statements

BROOKWATER VENTURES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

	Common Shares		Contributed Surplus	Deficit	Accumulated Other Comprehensive Income/(Loss)	Shareholders' Deficiency
	#	$	$	$	$	$
Balance, July 31, 2013	5,227,794	15,307,077	787,459	(21,967,182)	265,870	(5,606,776)
Captial reduction	-	(15,307,076)	-	15,307,076	-	-
Private placement	1,300,000	97,500	-	-	-	97,500
Loss for the year	-	-	-	(2,748,630)	-	(2,748,630)
Other comprehensive income for the period	-	-	-	-	(282,329)	(282,329)
Balance, July 31, 2014	**6,527,794**	**97,501**	**787,459**	**(9,408,736)**	**(16,459)**	**(8,540,235)**
Shares issued for debt settlement (Note 7)	20,609,840	2,060,984	-	-	-	2,060,984
Loss for the year	-	-	-	(209,029)	-	(209,029)
Other comprehensive income for the year	-	-	-	-	1,297,182	1,297,182
Balance, July 31, 2015	**27,137,634**	**2,158,485**	**787,459**	**(9,617,765)**	**1,280,723**	**(5,391,098)**

BROOKWATER VENTURES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

($ Canadian)	Years ended **July 31, 2015**	July 31, 2014
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss	**$ (209,029)**	$ (2,748,630)
Items not involving cash:		
Concession from creditors (Note 6)	**(965,913)**	(179,702)
Impairment on exploration and evaluation and other assets (Note 5)	**596,114**	2,211,006
Accrued interest on notes and loan payable	**164,122**	170,891
	(414,706)	(546,435)
Net change in non - cash working capital	**323,968**	487,679
Net cash flows (used in) operating activities	**(90,738)**	(58,756)
FINANCING ACTIVITIES		
Issuance of promissory note (Note 6)	**-**	50,000
Private placement (Note 7(b))	**-**	97,500
Net cash flows provided by financing activities	**-**	147,500
Effect of exchange rate change	**-**	5
CHANGE IN CASH DURING THE YEAR	**(90,738)**	88,749
CASH, beginning of the year	**100,275**	11,526
CASH, end of the year	**$ 9,537**	$ 100,275

1. NATURE AND CONTINUANCE OF OPERATIONS

Brookwater Ventures Inc. (the "Company" or "Brookwater") is a public company and trades on the TSX Venture Exchange under the symbol "BW". The Company was continued into Ontario, Canada on September 27, 2013 with a registered office address of 65 Queen Street West, Suite 805, Toronto, ON, M5H 2M5. Brookwater is an international oil and gas exploration company, primarily engaged in the business of exploring, developing and producing conventional and non-conventional oil and gas reserves in emerging markets, including Brazil.

Going concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

Oil and gas exploration, development and production activities in emerging markets are subject to significant uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, some of which are beyond the Company's control, could have a material adverse effect on Brookwater's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, Brookwater could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be limited in the event of a breach by a government or government authority of an agreement governing a concession in which Brookwater acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company does not have any operating assets that generate revenues, does not have proven reserves and incurred a net loss of $209,029 during the year ended July 31, 2015 (2014 - $2,748,630). As at July 31, 2015 the Company had working capital deficiency of $5,391,098 (2014 - $8,540,235). Consequently, the Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional financing if, as and when required, and, ultimately, the attainment of profitable operations or the profitable sale of the Company's exploration interests.

Included in the Company's working capital deficiency is a provision for $3,999,332 (2014 - $4,397,119) related to outstanding obligations according to farm out and joint operating agreements with Sonangol Starfish Oil & Gas S.A. ("Sonangol") in Brazil. In addition, the Company was named, along with several defendants, in a statement of claimed filed in the Superior Court of Justice in Ontario. Management's assessment of the Company, based on the uncertainty of the outcome of these claims and its current cash flow forecast, is that there are material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern (see Note 10 – Commitments and Contingencies).

These consolidated financial statements do not give effect to adjustments that would be necessary and could be material to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

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

Basis of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, Água Grande Exploração e Produção de Petróleo Ltda ("Agua Grande"). On October 14, 2013, the Bermuda Registrar of Companies advertised that two of the Company's subsidiaries, Brookwater Bermuda Holdings Limited and Brookwater (Brazil) Ltd. were dissolved. The accounts of these two subsidiaries are not included in these consolidated financial statements as of the date of dissolution of October 14, 2013.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The Company's oil and natural gas activities involved jointly controlled operations. The consolidated financial statements include the Company's proportionate share of the related exploration and evaluation costs incurred.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Canadian parent company is the Canadian dollar. The Company's operating subsidiary, Agua Grande, has a functional currency of the Brazilian Real. The reporting currency of the Company is the Canadian dollar.

For individual subsidiary accounts, transactions in foreign currencies are recorded in the functional currency at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit and loss.

For presentation of the Company's consolidated accounts, if the functional currency of the Company or its subsidiary is different to the presentation currency as at the reporting date, the assets and liabilities are translated into the presentation currency at the rate ruling at the statement of financial position date and the statement of loss and comprehensive loss is translated using the average exchange rate for the period. The foreign exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity the deferred cumulative amount recognized in equity relating to the particular operation is recognized in the statements of loss and comprehensive loss.

Use of estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Recognition and measurement:

Pre-exploration costs
Costs that are incurred prior to obtaining the legal right to explore, develop or extract resources are recognized as expenses in the consolidated statement of loss.

Exploration and evaluation expenditures
Exploration and evaluation ("E&E") costs are those expenditures incurred on projects where the Company has a legal right to explore and for which technical feasibility and commercial viability have not been determined. E&E costs are initially capitalized as exploration and evaluation assets. These costs include acquisition of rights to explore, exploration drilling, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting oil and gas resources. The Company expenses items that are not directly attributable to exploration and evaluation assets.

Expenditures that are capitalized are recorded at cost. Costs that are capitalized are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

When technical feasibility and commercial viability is determinable, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within property and equipment referred to as oil and natural gas development and production assets. The Company recognized an impairment of exploration and evaluation expenditures of $596,114 during the year ended July 31, 2015 (2014 - $2,211,006).

Provisions

General
Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of operations.

Onerous contracts
Onerous contracts are present obligations arising under onerous contracts that are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Decommissioning obligations
The Company records a liability for the fair value of legal or constructive obligations associated with the decommissioning of long-lived tangible assets in the period in which they are incurred. The decommissioning liability is recognized at the present value of the estimated future cash flow associated with the decommissioning of the applicable assets or properties. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the decommissioning cost, which is depleted on a unit-of-production basis over the life of the reserves. The liability is adjusted each reporting period to reflect the passage of time using the discount rate, with the interest charged to earnings, and for revisions to the estimated future cash flows. Actual costs incurred upon settlement of the obligations are charged against the liability.

As at July 31, 2015 and 2014 the Company did not have any decommissioning obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash includes cash on hand and deposits held with banks that have a maturity of less than three months at the date they are acquired. The Company did not have any cash equivalents as at July 31, 2015 and 2014.

Property and equipment

Items of property and equipment ("P&E"), which include furniture and fixtures and computer and office equipment, are measured at cost less accumulated depreciation.

Depreciation:
For property and equipment, depreciation is recognized in profit or loss using a declining balance basis over the estimated useful lives of the equipment. The Company's depreciation rates range from 20% to 30% per annum.

Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized in the statement of financial position at fair value. Subsequent measurement is then based on the financial instruments being classified into one of the following categories: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized basis using the effective interest method, less any impairment losses. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

All other financial liabilities are recognized initially at fair value plus any direct attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest rate method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company will assess at each reporting period whether any financial assets, other than those classified as held-for-trading, are impaired. An impairment loss, if any, is recorded immediately in profit or loss. Financial assets will be considered impaired if management determines such amounts are or will become uncollectable.

The Company measures and recognizes embedded derivatives separately from the host contracts when the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value. The Company has not entered into any contracts with embedded derivatives during the years ended July 31, 2015 and 2014.

Share capital

Proceeds from the issuance of common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based payments

Share-based payments to employees are measured at the fair value of the instruments issued 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 Company has issued options to acquire common shares to directors, officers, employees and consultants of the Company. These options are accounted for using the fair-value method which estimates the value of the options at the date of the grant using the Black-Scholes option pricing model. The fair-value thus established is recognized as compensation expense over the vesting period of the options with an equivalent increase to contributed surplus. The amount in contributed surplus relates to unexpired awards which have vested and when exercised the value in contributed surplus is transferred to common shares. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Interest income

Interest income is reported on an accrual basis using the effective interest method.

Finance costs

Finance costs include interest expenses and other costs in association to borrowing funds as well as any expense relating to accretion incurred in relation to Brookwater's decommissioning obligations (if any). All applicable borrowing costs attributable to qualifying assets, which are assets that take more than twelve months to construct, are to be capitalized along with the corresponding asset until that asset is ready for use. All other borrowing costs are recognized in net loss as incurred.

Impairment of non-financial assets

The carrying value of exploration and evaluation assets and property plant and equipment is reviewed at each reporting date for indicators that the carrying value of an asset or cash-generating unit may not be recoverable. If indicators of impairment exist, the fair value of the recoverable amount of the asset or cash-generating unit is estimated. If the carrying value of the asset or cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is written down with an impairment recognized in net earnings.

Exploration and evaluation assets are assessed for impairment if:
(i) sufficient data exists to determine technical feasibility and commercial viability, or
(ii) facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when probable reserves are determined to exist. Upon determination of proven or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas development and production assets.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss Per Share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would be anti-dilutive.

Accounting pronouncements not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting pronouncements not yet adopted (continued)

IAS 27 – Separate Financial Statements ("IAS 27") was amended in August 2014 to reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results could differ from those estimates and these estimates could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets and goodwill, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets and goodwill. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's assets, costs to sell the assets and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets and goodwill.

Share-Based Payments and Warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Contingencies and provisions

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or un-asserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or un-asserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the consolidated financial statements.

The Company has provided for amounts related to the eventual settlement of its arbitration proceedings related to its farm-out agreement with Sonangol. For further details please see Note 10.

4. ACCOUNTS RECEIVABLE

	July 31, 2015	July 31, 2014
HST receivable	455	5,677
Balance, end of year	**$ 455**	$ 5,677

5. EXPLORATION AND EVALUATION ASSETS

Balance at July 31, 2013	$ -
Additions	2,211,006
Write off of exploration and evaluation assets	(2,211,006)
Balance at July 31, 2014	$ -
Additions	596,114
Write off of exploration and evaluation assets	(596,114)
Balance at July 31, 2015	$ -

Intangible exploration and evaluation costs consisted of the Company's proportionate costs incurred in Brazil relating to the Farm-Out Agreement with Somoil Internacional de Petróleo Ltda. ("Somoil") and Sonangol for the oil and gas exploration concession ("Block 166") located in the Recôncavo Basin in Brazil (the "Concession").

On September 11, 2012, Agua Grande was notified by Sonangol that due to the current dispute over non-payment, Sonangol applied to the governmental and regulatory authorities to assume the Company's 30% working interest in Block 166 pursuant to the terms of the joint operating agreement entered into among the parties. As a result of the ongoing dispute, the Company has written down the costs incurred and accrued associated with Block 166 to nil (see Note 10).

6. TRADE AND OTHER PAYABLES

		July 31, 2015		July 31, 2014
Accounts payable Block 166	$	1,135,226	$	1,420,516
Accounts payable other		96,351		1,244,885
Accrued liabilities		171,316		206,747
Total accounts payable and accrued liabilities	**$**	**1,402,893**	$	2,872,148
Provision for Block 166		3,999,332	$	4,397,119
Promissory note		-		1,205,103
Second promissory note		-		172,868
Balance, end of year	**$**	**5,402,225**	$	8,647,238

On July 19, 2012, the Company announced it had entered into a promissory note (the “Promissory Note”) with a third party lender (the “Note Holder”), pursuant to which the Note Holder had agreed to lend to the Company US$850,000.

The principal under the Promissory Note accrued interest at a rate of 12% per year and the Promissory Note matured on July 19, 2013 (the “Maturity Date”). After the Maturity Date, interest on the principal and any interest due to the Note Holder accrued at a rate per annum equal to the interest rate of 12% plus 2%. On May 5, 2015, the Company settled the balance of the Promissory Note, including interest accrued, of US$1,226,455 ($1,476,651) through the issuance of 11,407,485 common shares of the Company valued at $1,140,748, based on the quoted market price of the shares, resulting in a gain of $335,903. This resulted in the third party lender owning approximately 42% of the outstanding shares of the Company (see Note 7).

On February 7, 2013, the Company announced it had entered into a second promissory note (the “Second Promissory Note”) with another third party lender (the “Second Note Holder”), pursuant to which the Second Note Holder agreed to lend to the Company $100,000. The principal under the Second Promissory Note accrued interest at a rate of 13% per year plus an additional 2% per year while in default of payment. The Second Promissory Note is unsecured and matured on February 13, 2014.

On November 5, 2013, the Company entered into two promissory notes for a total of $50,000. Each note bore interest of 10% per year and had a maturity date of November 5, 2015.

On May 5, 2015, the Company settled the promissory notes entered into on February 7, 2013 and November 5, 2013. The balance of the notes of $194,595, including interest accrued, was settled by the issuance of 1,675,357 common shares of the Company valued at $167,536 based on the quoted market price of the shares resulting in a gain of $27,059. (See Note 7)

As at July 31, 2015, the Company recognized a provision of $3,999,332 (2014 - $4,397,119) related to farm out and joint operating agreements with Sonangol. The provision is based on management’s best estimate of the liability owed to Sonangol. (See Note 10)

7. CAPITAL STOCK

a. Authorized

Unlimited number of common shares, without par value
Unlimited number of 1st and 2nd preferred shares, without par value, issuable in series

7. CAPITAL STOCK (continued)

b. Common shares issued

Balance at July 31, 2013	**5,227,794**	**$**	**15,307,077**
Capital reduction	-		(15,307,076)
Private placement	1,300,000		97,500
Balance at July 31, 2014	**6,527,794**	**$**	**97,501**
Shares issued for debt	20,609,840		2,060,984
Balance at July 31, 2015	**27,137,634**	**$**	**2,158,485**

On June 26, 2014, the Company completed a private placement financing issuing 1,300,000 shares at $0.075 per share for gross proceeds of $97,500.

On May 5, 2015, the Company issued 20,609,840 shares in connection with settlement agreements (the "Settlement Agreements") entered into with various creditors of the Company whereby the Company would issue common shares of the Company at a deemed price of between $0.10 and $0.21 per common share in full and final settlement of the amounts owing to such creditors (the "Shares for Debt Settlement"). At the date of issuance of the shares of May 5, 2015, $3,008,499 was owing to these creditors and the shares were valued at $2,060,984, based on the quoted market price of the shares, resulting in a gain of $947,515.

Included in the Shares for Debt Settlement a loan outstanding to a third party lender in the amount of US$850,000 plus accrued interest that resulted in the third party lender holding approximately 42% of the issued and outstanding shares of the Company.

The shares issued as part of the Shares for Debt Settlement are subject to a hold period of four months and one day, expiring on September 6, 2015.

c. Contributed surplus

The Company has granted options for the purchase of common shares to its directors, officers, consultants and employees. The aggregate number of shares that may be issuable pursuant to options granted under the Stock Option Plan will not exceed 10% of the issued common shares of the Company at the date of grant. No more than 5% of the issued shares of the Company may be granted to any one optionee, and no more than 2% of the issued shares of the Company may be granted to any one consultant or person engaged in investor relations activities in any 12 month period. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options may not be less than the market price of the Brookwater common shares at the time of the option grant.

There were no stock option transactions during the years ended July 31, 2015 and 2014:

As at July 31, 2015, the following stock options are outstanding:

Number of options Outstanding	Exercise price		Expiry Date	Weighted average remaining life in years	Number of options Exercisable
189,474	$	4.94	May 26, 2016	0.82	189,474
10,526	$	7.22	September 6, 2016	1.10	10,526
5,263	$	7.22	September 7, 2016	1.11	5,263
205,263	$	5.12		0.84	205,263

8. INCOME TAXES

a. Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2014– 26.5%) were as follows:

	2015 $	2014 $
(Loss) before income taxes	(209,029)	(2,748,630)
Expected income tax recovery based on statutory rate	(55,000)	(728,000)
Adjustment to expected income tax benefit:		
Permanent differences and other	(51,000)	(38,000)
Change in unrecorded tax asset	106,000	766,000
Deferred income tax provision (recovery)	-	-

b. Deferred income tax balances

Deferred tax assets have not been recognized in respect of the following deductible temporary differences as it is not probable that future taxable profit will be available against which the Company can use the benefits.

	2015 $	2014 $
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	4,563,000	4,751,000
Share issue costs	-	4,000
Capital loss carry-forwards	1,941,000	1,941,000
Total	6,504,000	6,696,000

c. Deferred income tax balances

As at July 31, 2015, the Company has estimated non-capital loss for Canadian income tax purposes of approximately $4,563,000 (2014 - $4,751,000) available to use against future taxable income. The non-capital tax losses expire between 2026 and 2034.

2026	68,000
2027	38,000
2028	201,000
2029	116,000
2030	110,000
2031	1,102,000
2032	1,326,000
2033	1,097,000
2034	505,000
	4,563,000

9. NET LOSS PER SHARE

The number of shares used to calculate the basic and diluted net loss per share for the years ended July 31, 2015 and 2014 included the weighted average number of Brookwater common shares outstanding of 11,440,276 and 5,352,474 respectively plus nil shares related to the dilutive effect of the conversion of stock options as the stock options would be anti-dilutive.

10. COMMITMENTS AND CONTINGENCIES

Brazil Farm-Out

Agua Grande was a party to a Farm-Out Agreement with Somoil and Sonangol, pursuant to which Agua Grande acquired an undivided 30% interest in an oil and gas exploration concession. Block 166, located in the Recôncavo Basin in Brazil, covers an area of 30 km² and was awarded to Sonangol by the Brazilian National Petroleum Agency ("ANP") in 2007 as part of the bid-round process.

In order to maintain its interest in the concession under the Farm-Out Agreement, Agua Grande was obligated to: (i) pay 50% of the costs and expenses incurred in relation to the drilling, logging, testing and completion or plugging and abandonment of one exploration well (budget US$4,500,000 gross) and thereafter pay its 30% share of costs incurred in connection therewith; and (ii) in case of a commercial discovery, pay its 30% share of the total agreed costs and expenses incurred prior to the execution of the Farm-Out Agreement, which is approximately US $4,800,000 (gross).

On June 29, 2012, Agua Grande was issued a notice of default by Sonangol, the operator of Block 166, for its failure to pay outstanding cash calls related to the Farm-Out Agreement and joint operating agreement ("JOA") within the period of time specified under the JOA. The Company responded to the operator disputing the notice of default.

Under the terms of the JOA, Brookwater had 60 days to remedy the default by paying the full amount of the outstanding balance to the operator. This period lapsed without payment, giving the operator the option to require that Brookwater withdraw its interest in the JOA and Block 166. On September 11, 2012, Agua Grande was notified by Sonangol that due to the dispute over non-payment, it applied to the governmental and regulatory authorities to assume the Company's 30% working interest in Block 166 pursuant to the terms of the joint operating agreement entered into among the parties. Arbitration proceedings were initiated by Sonangal at the Brazilian Center of Mediation and Arbitration and notices were received by the Company that a three person arbitration panel had been appointed. Due to a lack of financial resources to pay for legal defense, the Company did not respond to the correspondence nor send a representative to meet with the arbitrators. Management expected the arbitrators to rule in favour of Sonangol in which case Sonangol would have the ability to seek payment from the Company's Brazilian subsidiary, resulting in the potential liquidation and bankruptcy of Agua Grande. In August 2014, however, the Company received notice that the arbitration proceedings had been dropped by Sonangol and the arbitration process was closed. Although the arbitration has been dropped, the Company has not been released from its obligation. As at July 31, 2015, the Company had recognized a provision for $3,999,332 (2014 - $4,397,119) related to the outstanding cash calls. The provision is based on management's best estimate of the liability owed to Sonangol.

Legal Matters

On July 22, 2014 a statement of claim was filed in the Superior Court of Justice in Ontario naming several defendants, including Brookwater Ventures Inc., in a class action proceeding. The statement of claim alleges that the defendants were negligent in the design, development, testing, research, manufacture, licensing, labeling, warning, marketing, distribution and sale of the prescription drug Delatestryl. Delatestryl is a form of testosterone replacement therapy. The Company is a named defendant in the statement of claim but the statement of claim does not allege or make reference to any wrongdoing on the part of Brookwater Ventures Inc. (formerly known as Meta Health Services Inc.). Management is of the view that the claim is without merit, although no formal defense has been filed by the Company.

Management Contracts

The Company is party to certain management contracts. These contracts require payments of approximately $500,000 to be made upon the occurrence of a change in control to the officers of the Company. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The Company is also committed to payments upon termination of approximately $156,000 pursuant to the terms of these contracts.

10. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

Oil and gas operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Company's operations may require licenses and permits from various governmental authorities in the countries in which it operates. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

11. RELATED PARTY DISCLOSURES

Key management personnel compensation:

In addition to their contracted fees, executive officers participate in the Company's Share option program. Certain executive officers are subject to a mutual termination notice ranging from one to twelve months. Key management personnel compensation comprised:

		Year ended July 31, 2015		Year ended July 31, 2014
Short term employee benefits	**$**	**177,778**	$	424,916

Included in the above amounts is $nil (2014 - $200,000) accrued according to a contract for business and operational consulting services with Forbes & Manhattan, Inc., a company which Mr. Stan Bharti (a former director of the Company) is the Executive Chairman. The contract with Forbes & Manhattan was terminated effective March 1, 2014. The Company and Forbes & Manhattan agreed to settle outstanding payables of $819,250 through the issuance of shares of the Company. On May 5, 2015, 3,863,101 shares, valued at $386,310 based on the quoted market price of the shares, were issued in settlement of the outstanding payable to Forbes & Manhattan resulting in a gain of $432,940 (see Note 7).

On June 12, 2014, the Company agreed to settle outstanding accounts payables of $176,085 owing to one of its directors for consulting services in exchange for 200,000 shares of the Company. The shares were issued on May 5, 2015 (see Note 7) valued at $20,000, based on the quoted market price of the shares, resulting in a gain of $156,085.

On May 5, 2015, in addition to the amounts above, the Company issued 3,463,897 shares of the Company, valued at $346,390 based on the quoted market price of the shares, in settlement of amounts owing to other key management personnel for business and operational consulting services totaling $341,918 resulting in a loss of $4,472.

Included in accounts payable and accrued liabilities as at July 31, 2015, is $140,278 (2014 - $1,283,139) owing to key management personnel for business and operational consulting services. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

Transactions with other related parties:

On November 5, 2013, the Company entered into a promissory note with Forbes & Manhattan, Inc., a company which Mr. Stan Bharti (a former director of the Company) is the Executive Chairman. On May 5, 2015, the Company issued 136,899 common shares of the Company in settlement of the balance of the note payable of $28,977 including interest accrued (see Note 7).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

Brookwater's financial instruments as at July 31, 2015, consists of cash, accounts receivable and accounts payable and the amounts reflected in the consolidated statements of financial position approximate fair value due to the short term maturity of these instruments.

Financial instruments recorded at the reporting date at fair value are classified into one of three levels based upon the fair value hierarchy. Items are categorized based on inputs used to derive fair value based on:

Level 1 - quoted prices that are unadjusted in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in level I that are observable for the asset/liability either directly or indirectly; and
Level 3 - inputs for the instruments are not based on any observable market data.

The Company had no financial instrumental assets or liabilities recorded at fair value in the consolidated statements of financial position at either July 31, 2015 or 2014.

Fair value estimates are made at the relevant transaction date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Risk Management Overview

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners.

The carrying amount of accounts receivable represents the maximum credit exposure. As at July 31, 2015 the Company's total receivables was $455 (July 31, 2014 - $5,677). There were no derivative instruments held at July 31, 2015 or 2014.

Market Risk:

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates, and foreign exchange rates, will affect the Company's net income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing the Company's returns.

(i) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined below, but also global economic events that dictate the levels of supply and demand. Lower commodity prices can also reduce the Company's ability to raise capital. As the Company is not generating revenues, commodity price risk does not directly impact the Company's financial results.

(ii) Foreign Exchange Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company is in the process of settling a dispute in Brazil. Residual expenditures or potential settlements give rise to a risk that the Company's earnings and cash flows may be adversely impacted by fluctuations in foreign exchange conversion rates. The majority of the Company's expenditures in Brazil are denominated in Brazilian Real with the remainder denominated in United States Dollars. From time-to-time, the Company may use derivatives to manage this foreign exchange risk.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk:
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the financial liabilities. The Company's financial liabilities consist of accounts payable and accrued liabilities.

The Company prepares annual capital expenditure budgets, which are monitored and updated as considered necessary. Financial modeling is used to provide economic outlooks and the Company utilizes authorizations for expenditures on projects to monitor capital expenditures.

Accounts payable and accrued liabilities consist of invoices payable to trade suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year.

Sensitivity Analysis:
The Company has, for accounting purposes, designated its cash and accounts receivable as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost. As of July 31, 2015, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the short term maturity of these instruments.

The sensitivity analysis shown in the notes below may differ materially from actual results. Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

(i) Cash is subject to floating interest rates. As at July 31, 2015, if interest rates had decreased/increased by 1% with all other variables held constant, there would not have been a material impact to the loss for the year ended July 31, 2015 given the low level of cash on hand throughout this period.

(ii) Cash, amounts receivable and accounts payable and accrued liabilities denominated in US dollar are subject to foreign currency risk. As at July 31, 2015, had the US dollar weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, there would not have been a material impact to the Company's net loss or reported shareholders' equity for the year ended July 31, 2015 due to the low level of non-Canadian dollar denominated financial instruments.

13. CAPITAL MANAGEMENT

The Company considers the aggregate of its common shares, contributed surplus and deficit as capital. The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

At July 31, 2015, the Company has no cash-generating operations; therefore the only source of cash flow is generated from financing activities. The Company's officers and senior management are in the process of searching for additional business opportunities. Potential business activities are appropriately evaluated by senior management and a formal review and approval process has been established at the Board of Director level. The Company may enter into new financing arrangements to meet its objectives for managing capital, until such time as a viable business activity is operational and the Company can thereby internally generate sufficient capital to cover its operational requirements.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of July 31, 2015, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.