WINDFIRE CAPITAL CORP.
FINANCIAL STATEMENTS

DECEMBER 31, 2015

Expressed in Canadian Dollars

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(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of
Windfire Capital Corp.

We have audited the accompanying financial statements of Windfire Capital Corp., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the statements of comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Windfire Capital Corp. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Windfire Capital Corp. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, British Columbia
April 25, 2016

WINDFIRE CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2015	December 31, 2014
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**438,172**	60,635
Receivables	**1,945**	7,635
Prepaid expenses and deposits (Note 3)	**133,750**	3,825
	573,867	72,095
Equipment	**88**	126
	573,955	72,221
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**145,838**	248,147
Deposits (Note 4)	**369,025**	-
Loan payable (Note 5)	**50,000**	50,000
	564,863	298,147
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 6)	**2,795,473**	2,419,785
Reserves (Note 6)	**263,328**	291,432
Accumulated deficit	**(3,049,709)**	(2,937,143)
	9,092	(225,926)
	573,955	72,221

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 12)

These financial statements are authorized for issuance by the Board of Directors on April 25, 2016.

On Behalf of the Board of Directors:

Director (*Clive Massey*)

Director (*Walter Luke*)

See accompanying notes to the financial statements.

WINDFIRE CAPITAL CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended December 31, 2015	2014
	$	$
ADMINISTRATIVE EXPENSES		
Business investigation costs (Note 3)	**45,017**	9,319
Consulting fees	**-**	76,893
Financing fees	**-**	31,360
Interest and bank charges	**3,192**	1,940
Investor relations and marketing	**1,200**	17,756
Management fees (Note 7)	**51,524**	192,000
Office	**4,713**	19,041
Professional fees	**35,125**	129,782
Rent (Note 7)	**6,132**	49,509
Share-based compensation (Notes 6 and 7)	**32,742**	170,140
Travel and related	**1,209**	39,614
Trust and filing fees	**38,120**	24,823
	(218,974)	(762,177)
OTHER ITEMS		
Gain on settlement of debt (Note 6)	**45,562**	-
Write off of advance	**-**	(15,000)
	45,562	(15,000)
NET AND COMPREHENSIVE LOSS FOR THE YEAR	**(173,412)**	(777,177)
BASIC AND DILUTED NET LOSS PER SHARE	**(0.02)**	(0.09)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**10,152,201**	8,206,450

See accompanying notes to the financial statements.

WINDFIRE CAPITAL CORP.
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

	Common shares		Reserves		
	Number	**Amount**	**Stock options**	**Accumulated Deficit**	**Total**
		$	**$**	**$**	**$**
Balance, December 31, 2013	6,980,452	2,182,235	233,688	(2,272,362)	143,561
Shares issued for cash	1,466,667	220,000	-	-	220,000
Share issuance costs	-	(1,850)	-	-	(1,850)
Exercise of warrants	64,667	19,400	-	-	19,400
Stock options cancelled	-	-	(112,396)	112,396	-
Share based compensation	-	-	170,140	-	170,140
Comprehensive loss for the year	-	-	-	(777,177)	(777,177)
Balance, December 31, 2014	8,511,785	2,419,785	291,432	(2,937,143)	(225,926)
Shares issued for cash	1,980,000	275,000	-	-	275,000
Shares issued for settlement of debt	506,250	55,688	-	-	55,688
Exercise of warrants	150,001	45,000	-	-	45,000
Stock options cancelled	-	-	(60,846)	60,846	-
Share based compensation	-	-	32,742	-	32,742
Comprehensive loss for the year	-	-	-	(173,412)	(173,412)
Balance, December 31, 2015	**11,148,036**	**2,795,473**	**263,328**	**(3,049,709)**	**9,092**

See accompanying notes to the financial statements.

WINDFIRE CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended December 31, 2015	2014
	$	$
OPERATING ACTIVITIES		
Loss for the year	**(173,412)**	(777,177)
Adjustments for non-cash items:		
Depreciation	**38**	54
Share-based compensation	**32,742**	170,140
Gain on settlement of debt	**(45,562)**	-
	(186,194)	(606,983)
Changes in non-cash operating working capital items:		
Receivables	**5,690**	8,237
Prepaid expenses and deposits	**(129,925)**	1,693
Accounts payable and accrued liabilities	**(1,059)**	222,057
Deposits	**369,025**	-
	57,537	(374,996)
INVESTING ACTIVITY		
Reclamation bond	**-**	10,111
FINANCING ACTIVITIES		
Shares issued for cash	**275,000**	220,000
Share issuance costs	**-**	(1,850)
Exercise of warrants	**45,000**	19,400
Loan received	**-**	50,000
	320,000	287,550
NET CHANGE IN CASH	**377,537**	(77,335)
Cash, beginning of year	**60,635**	137,970
Cash, end of year	**438,172**	60,635
Supplemental cash flow information:		
Cash paid for taxes	**-**	-
Cash paid for interests	**-**	-
Non-cash transactions:		
Shares issued for settlement of debt	**55,688**	-
Reallocation of reserves on cancellation of options	**60,846**	112,396

See accompanying notes to the financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Windfire Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on December 10, 2007 and continued into British Columbia under the Business Corporations Act (British Columbia) in March 2016. The Company began trading on April 18, 2011 as a Tier 2 Mining Issuer. The Company's previous business was to acquire, explore, and develop interests in mining projects; however, during the 2014 fiscal year, the Company began to evaluate new business opportunities. The common shares of the Company were halted from trading by the TSX-V Exchange (the "TSX-V") until the Company could either engage a sponsor or obtain a sponsorship exemption in connection with a planned change of business, which did not occur. The company resumed trading on March 10, 2015 and was halted on July 20, 2015 in connection with its announcement that the Company had entered into an LOI with an arm's length party to acquire a majority interest in an off-shore petroleum exploration license located in Namibia. Upon completion of this transaction, the Company would be a Tier 2 Oil and Gas Issuer (Note 3).

At the time of the March 10, 2015 resumption of trading, the Company had not met the continued listing requirements of a Tier 2 Mining Issuer; therefore, the Company's listing was transferred to NEX and currently trades under the symbol, "WIF.H".

The head office, principal address and records office of the Company are located at Suite 2000, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The Company's registered address is 800 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary 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 December 31, 2015, the Company had working capital of $9,004 (2014 –working capital deficit of $226,052) and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon 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 material uncertainties 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 current cash on hand, proceeds from exercise of options and warrants, and further private placements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized by the Board of Directors and audit committee on April 25, 2016.

Basis of preparation

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 unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments

The preparation of the Company's 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 financial statements and reported amounts of 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.

<u>Significant accounting judgments</u>

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Determination of categories of financial assets and financial liabilities; and
ii) Assessment of the going concern assumption.

<u>Critical accounting estimates</u>

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes – The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Share-based compensation – The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at initial grant.

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 profit or 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rate is applicable as follows:

Computer equipment	30% Declining balance

One-half the normal rate of amortization is recorded in the year of acquisition.

Exploration and evaluation asset expenditures

Pre-exploration costs
Pre-exploration costs are expensed as incurred.

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

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount.

The Company accounts for the mineral exploration tax credit on a cash basis.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

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. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the issuance date, The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates an employee stock option plan. 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 corresponding amount is recorded to the stock option reserve. Share-based payments to non-employees are measured on the date and at the fair value of goods or services received, or fair value of the equity instruments issued, whichever can be more reliably measured. 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.

The Company transfers the value of cancelled and expired unexercised vested stock options to deficit from reserves on the date of expiration.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables ("LAR"), held-to-maturity investments, available-for-sale and other financial liabilities ("OFL"). The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified as FVTPL when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are measured at fair value with changes in carrying value being included in profit or loss.

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Financial liabilities classified as OFL are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company's financial instruments are classified as follows:

	Classifications
Cash	FVTPL
Receivables	LAR
Accounts payable and accrued liabilities	OFL
Deposits	OFL
Loan payable	OFL

Impairment of assets

The carrying amount of the Company's assets (which include equipment) 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 profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing 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 specific 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.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Changes in accounting standards

The Company has adopted these accounting standards effective January 1, 2015. The adoption of these accounting standards had no significant impact on the financial statements. These standards are:

- IFRS 2, Share-based Payment
- Amendments to IAS 24, Related Party Disclosures

Accounting pronouncements not yet adopted

IAS 7 – Statement of Cash Flows (disclosure initiative): these amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017.

IAS 34 – Interim Financial Reporting: the amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.

IFRS 7 – Financial Instruments: the amendment clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

IFRS 16 – Leases: specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

3. PROPOSED TRANSACTION **

In July 2015, the Company signed a letter of intent ("LOI") with DMiner Asset Management Inc. ("DMiner") to acquire a majority interest in an off-shore petroleum exploration license with drill ready oil and gas exploration targets in the Orange Basin of Namibia. Pursuant to the LOI, the Company would acquire 91.5% of the issued and outstanding shares of Riviera Mina Ltd. ("Riviera"), a company incorporated under the laws of the Republic of the Bahamas (collectively, the "Acquisition"). Riviera owns an indirect 76.5% interest in Petroleum Exploration License No. 0079 in relation to Block 2815 and 2915 for off-shore Namibia (the "License") with the remaining interest held by Namibia's national oil company, Namcor, and local Namibian partners.

In accordance with the LOI, the consideration for the Acquisition is as follows:

- The Company shall pay a fully refundable deposit of US$100,000 (CDN$133,750 was paid and is included in prepaid expenses and deposits) to DMiner upon approval by the TSX-V;
- The Company shall issue 8,000,000 of its common shares to DMiner;
- The Company shall issue a secured convertible debenture in the principal amount of US$1,900,000 to DMiner (the "Debenture");
    - The Debenture will be convertible into shares of the Company at the option of the holder, at a conversion price of $1.00 per share, for a period of two years **
- The Company shall issue up to 10,000,000 common shares in exchange for the securities to be issued by Riviera in the Financing.

Furthermore, pursuant to the LOI, the parties agree to deal exclusively with each other until the earlier of September 30, 2015 (subsequently extended to June 30, 2016 – Note 12), entry into a definitive agreement or termination of the LOI. In connection with the Acquisition, Riviera intends to complete a private placement for proceeds up to $5,000,000 at $0.50 per subscription receipt (or other security) (the "Financing"). The subscription receipts issued by Riviera shall be acquired by the Company in connection with the Acquisition for an equivalent amount of the Company shares.

The Acquisition will constitute a reverse takeover ("RTO") under the policies of the TSX-V. Completion of the Acquisition remains subject to, among other things, satisfactory due diligence by the parties, entry into a definitive agreement, approval of the TSX-V and shareholders of the Company, completion of the Financing, approval of the applicable regulatory bodies in Namibia (if necessary), and other conditions which are customary for transactions of this nature. Upon completion of this Acquisition, the Company would be a Tier 2 Oil and Gas Issuer (Note 1).

During the year ended December 31, 2015, the Company incurred $45,017 related to various due diligence fees associated with the proposed transaction.

** see Subsequent Events note re Entry into Share Purchase Agreement, note 12 below

4. DEPOSITS

During the year, the Company received $369,025 (2014 - $nil) in refundable deposits for future private placements. Subsequent to year-end, the Company returned $232,000.

5. LOAN PAYABLE

As at December 31, 2015, the Company held a loan payable for $50,000 (2014 - $50,000) which is unsecured and non-interest bearing. The loan is due seven days from the Company receiving regulatory approval of the next private placement.

6. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of Class "A" common shares with no par value

Issued shares

On April 10, 2015, the Company consolidated its common shares on a basis of one new share for three old shares. All current and comparative references in these financial statements to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this share consolidation, unless otherwise indicated.

During the year ended December 31, 2015

a) In April 2015, the Company closed a non-brokered private placement of 1,100,000 shares at a price of $0.05 per share for gross proceeds of $55,000.

b) In April 2015, the Company entered into shares-for-debt agreements with officers, directors and consultants of the Company to settle total outstanding debt of $101,250. Pursuant to the agreements, the Company issued 506,250 common shares at a price of $0.11 per common shares for a total value of $55,688 which resulted in the balance of $45,562 being recorded as a gain on the settlement of debt.

c) In June 2015, the Company closed a non-brokered private placement of 880,000 shares at a price of $0.25 per share for gross proceeds of $220,000.

d) 150,001 warrants were exercised at $0.30 per unit for proceeds of $45,000.

During the year ended December 31, 2014

a) In March 2014, the Company completed a non-brokered private placement whereby 1,466,667 shares at a price of $0.15 per share were issued for net proceeds of $218,150, net of share issuance costs of $1,850.

b) 64,667 warrants were exercised at $0.30 per unit for proceeds of $19,400.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of $173,412 (2014 - $777,177) and the weighted average number of common shares outstanding of 10,152,201 (2014 – 8,206,450).

As at December 31, 2015, 541,667 (2014 – 590,000) stock options and nil (2014 – 2,002,000) warrants were not included in the calculation of diluted loss per share as the effect would be anti-dilutive.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

Warrants

The Company's warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2013	2,066,667	0.30
Exercised	(64,667)	0.30
Balance, December 31, 2014	2,002,000	0.30
Exercised	(150,001)	0.30
Expired	(1,851,999)	0.30
Balance, December 31, 2015	**-**	**-**

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

During the year ended December 31, 2015, the Company granted 150,000 (2014 – 333,333) incentive stock options to directors.

During the year ended December 31, 2015, share-based compensation of $32,742 (2014 - $170,140) was recognized. The fair value of options granted during the years was calculated in accordance with the fair value method of accounting and was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2015	December 31, 2014
Exercise price	$0.20	$0.405
Share price	$0.25	$0.54
Risk free rate	1.05%	1.72%
Dividend yield	0%	0%
Annualized volatility*	130%	164%
Expected life	5 years	5 years

**The expected annualized volatility is based on historical trading price volatility.*

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

Stock options (continued)

The Company's stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, December 31, 2013	416,667	0.66
Granted	333,333	0.405
Cancelled	(160,000)	0.60
Balance, December 31, 2014	590,000	0.54
Granted	150,000	0.20
Cancelled	(198,333)	0.45
Balance, December 31, 2015	**541,667**	**0.48**

The weighted average life of options outstanding at December 31, 2015 is 2.56 years.

The following table summarizes the options outstanding and exercisable at December 31, 2015.

Options outstanding and exercisable	Exercise price	Expiry date
	$	
66,667	0.30	April 5, 2016*
45,000	0.66	May 2, 2016
13,333	0.84	June 15, 2016
66,667	1.35	August 22, 2016
200,000	0.405	March 21, 2019
150,000	0.20	May 22, 2020
541,667		

**these options expired unexercised subsequent to year-end.*

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors of the Company.

During the year ended December 31, 2015, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. Paid or incurred $2,500 (2014 - $5,000) in rent and $1,000 (2014 - $9,000) of administrative services included in office expense to a company with a common director with the Company.
ii. Invoiced $nil (2014 - $13,500) relating to the recovery of rent to a company with common directors with the Company.
iii. Entered into shares for settlement of debt agreements with officers of the Company to extinguish total debt relating to unpaid consulting fees of $78,000 through the issuance of 390,000 common shares of the Company (valued at $42,900). As a result of this transaction, the Company recorded a gain on settlement of debt of $35,100 (2014 - $nil).

As at December 31, 2015, $nil (2014 - $35,856) was included in accounts payable and accrued liabilities owing to officers or directors of the Company.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the year ended December 31,	
	2015	2014
	$	$
Management fees	**51,524**	192,000
Share-based compensation	**32,742**	127,605
	84,266	319,605

On January 1, 2014, the Company entered into consulting agreements with the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

- The CEO is to be paid $10,000 per month (plus GST). Upon a change of control of the Company, the Company would pay the CEO an amount equal to twelve months of service. The consulting agreement is for five years and is automatically to be extended by an additional five years.
- The CFO is to be paid $6,000 per month (plus GST). Upon a change of control of the Company, the Company would pay the CFO an amount equal to twelve months of service. The consulting agreement is for five years and is automatically to be extended by an additional five years.

In March 2015, the CEO and CFO voluntarily terminated their respective consulting agreements.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, deposits, accounts payable and accrued liabilities, and loan payable approximates their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

9. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) 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 held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient working capital to meet liabilities when due. Liquidity risk is assessed at high as the Company does not have sufficient cash to settle its current liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk:
The Company's operations and financing activities are conducted in Canadian dollars and, as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

Interest rate risk:
The Company has cash balances and no interest-bearing debt. The Company is not subject to interest rate risk.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to meet its exploration commitments. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the Exchange.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy remains unchanged from 2014.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

10. ABANDONED TRANSACTION

On February 13, 2015, the Company and Rosebud mutually agreed not to extend the Agreement as a result of current market conditions in the medical marijuana space. The advance of $15,000 was written off as at December 31, 2014 as the advance was non-refundable.

The Company entered into a letter of engagement with Wolverton Securities Ltd. (the "Agent") and planned to conduct a private placement to help fund the cash requirements of the Agreement whereby a portion of the offering would be structured as a brokered financing. Under the terms of the engagement, the Company paid the Agent a non-refundable corporate finance fee. The Company terminated the letter of engagement with the Agent and the non-refundable corporate finance fee of $31,360 was expensed to the statement of profit or loss during the year ended December 31, 2014.

11. DEFERRED INCOME TAXES

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

	December 31, 2015	December 31, 2014
	$	$
Loss for the year before income taxes	(173,412)	(777,177)
Expected income tax recovery at statutory tax rates	(45,100)	(202,100)
Non-deductible items	8,500	45,400
Change in unrecognized deductible temporary differences	36,600	156,600
Total income tax recovery	-	-

The significant components of the Company's unrecorded deferred tax assets (liabilities) are as follows:

	December 31 2015	December 31, 2014
	$	$
Investment tax credit	500	500
Equipment	300	300
Non-capital losses	618,900	579,700
Exploration and evaluation assets	90,800	90,800
Share issuance costs	500	3,100
Total unrecognized deferred tax assets	711,000	674,400

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

(Expressed in Canadian Dollars)

11. DEFERRED INCOME TAXES (continued)

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	December 31, 2015	**Expiry dates**	December 31, 2014	Expiry dates
	$		$	
Share issuance costs	1,900	2018	11,900	2018
Investment tax credit	1,900	2032	1,900	2032
Equipment	1,200	No expiry	1,100	No expiry
Exploration and evaluation assets	349,300	No expiry	349,300	No expiry
Non-capital losses	2,380,300	2028 to 2035	2,229,800	2028 to 2034
	2,734,600		2,594,000	

The Company has accumulated non-capital losses for tax purposes in the amount of $2,380,300. These losses are available to offset future taxable income. The losses are due to expire as follows:

2028	$ 9,800
2029	64,600
2030	207,000
2031	433,800
2032	461,000
2033	395,700
2034	612,300
2035	196,100
	$ 2,380,300

12. SUBSEQUENT EVENTS

In February 2016, the Company and DMiner further extended the deadline of the LOI to June 30, 2016 (Note 3).

On April 14, 2016 the Company entered into a share purchase agreement (the "SPA") with DMiner Asset Management Company Inc. (the "Vendor") and Riviera Mina Ltd. ("Riviera"), pursuant to which Windfire has agreed to acquire 91.5% of the common shares of Riviera (the "Riviera Shares") from the Vendor (the "Transaction"). In consideration for the Riviera Shares, the Company has agreed to issue to the Vendor:

(a) 8,000,000 common shares in the capital of Windfire (each, a "Windfire Share"), and

(b) a senior secured convertible debenture in the principal amount of US$1,900,000, which will: (i) have a maturity date of 42 months (3.5 years) from the date of issuance; (ii) be convertible into Windfire Shares, at the option of the Vendor, at a conversion price of $1.00 per Windfire Share at any time; and (iii) bear interest at the rate of 8.0% per annum, payable on the earlier of conversion (with respect to any accrued interest as at the date thereof) and maturity.

The agreement is subject to TSX-V approval.