Maple Leaf Royalties Corp.

Consolidated Financial Statements
March 31, 2015
(unaudited, expressed in Canadian dollars)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3), the Company discloses that these interim financial statements have not been reviewed by the auditors. The accompanying unaudited interim financial statements have been prepared by and are the responsibility of Management.

Readers are cautioned that these statements may not be appropriate for their purposes.

Maple Leaf Royalties Corp.

Consolidated Statements of Financial Position

(unaudited, expressed in Canadian dollars)

	March 31, 2015 $	December 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	464,376	957,422
Short-term investments	2,605,822	2,179,460
Prepaid expenses	17,348	750
Trade and other receivables	349,171	314,412
Total current assets	3,436,717	3,452,044
Royalty Interests (note 6)	15,445,357	6,812,960
Total assets	18,882,074	10,265,004
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	421,641	689,309
Due to related party (note 9)	-	15,939
Total current liabilities	421,641	705,248
Shareholders' Equity		
Share capital (note 10)	69,220,136	60,250,136
Other reserves (note 11)	1,256,232	1,256,232
Deficit	(52,015,935)	(51,946,612)
Total shareholders' equity	18,460,433	9,559,756
Total current liabilities and shareholders' equity	18,882,074	10,265,004

Approved by the Board of Directors

_____(signed) Daniel Gundersen____________ Director _____(signed) Hugh Cartwright Director

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

Maple Leaf Royalties Corp.

Consolidated Statements of Loss and Comprehensive Loss

(unaudited, expressed in Canadian dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014
	$	$
Revenue		
Royalty income	358,257	-
Interest income	6,362	-
	364,619	-
Expenses		
Audit	10,000	-
Cost of listing	-	-
Depletion	302,729	-
Filing fees	5,270	-
Gain/loss on settlement of convertible debentures	-	-
General and administrative	74,206	2,311
Geological and engineering	12,079	-
Accretion	-	13,858
Legal	18,288	-
Professional fees	7,500	-
Registrar and transfer agent	3,870	-
	433,942	16,169
Loss and comprehensive loss for the period	(69,323)	(16,169)
Basic and diluted loss per share	(0.00)	(0.03)
Basic and diluted weighted average shares	54,571,798	577,158

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

Maple Leaf Royalties Corp.

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2015 and 2014

(unaudited, expressed in Canadian dollars)

	Number of Shares	Share capital $	Equity component of convertible debenture $	Other reserves $	Deficit $	Total equity $
Balance – December 31, 2013	577,158	49,874,099	743,696	-	(51,897,519)	(1,279,724)
Loss and comprehensive loss for the three months ended March 31, 2014					(16,169)	(16,169)
Balance – March 31, 2014	577,158	49,874,099	743,696	-	(51,913,688)	(1,295,893)
Balance - December 31, 2014	28,915,131	60,250,136	-	1,256,232	(51,946,612)	9,559,756
Issuance of shares	23,000,000	8,970,000	-	-	-	8,970,000
Loss and comprehensive loss for the period	-	-	-	-	(69,323)	(69,323)
Balance - March 31, 2015	51,915,131	69,220,136	-	1,256,232	(52,015,935)	18,460,433

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

Maple Leaf Royalties Corp.

Consolidated Statements of Cash Flows

(unaudited, expressed in Canadian dollars)

	Three months ended March 31, 2015 $	Three months ended March 31, 2014 $
Cash flows from operating activities		
Loss for the period	(69,323)	(16,169)
Items not affecting cash		
Depletion	302,729	-
Gain on settlement of convertible Debentures	-	-
Accretion	-	13,858
Cost of Listing	-	-
Changes in non-cash working capital items	(334,964)	(2,695)
	(101,558)	(5,006)
Cash flows from investing activities		
Royalty interests	34,874	-
Short term investment	(426,362)	-
	(391,488)	-
(Decrease) Increase in cash and cash equivalents	(493,046)	(5,006)
Cash and cash equivalents - Beginning of period	957,422	279,922
Cash and cash equivalents - End of period	464,376	274,916

Non-cash transactions

Share for share exchange (note 6)

Acquisition of royalty interests (note 7)

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

(Unaudited, expressed in Canadian dollars)

1 General information

Maple Leaf Royalties Corp. (the "Company", "Maple Leaf") (previously named Maple Leaf Resource Corp. ("MLRC")) was incorporated under the Business Corporations Act (British Columbia) on February 20, 2012. The Company was incorporated to participate in the TSX Venture Exchange's ("TSX-V") Capital Pool Company program. The Corporation's registered office is 808-609 Granville Street, Vancouver, BC, V7Y 1G5.

On April 3, 2013, MLRC successfully completed its initial public offering for 2,000,000 common shares for total gross proceeds of $200,000.

On April 5, 2013, MLRC received conditional approval to list as a Capital Pool Company (as defined in the policies of the TSX-V). MLRC commenced trading on the TSX-V on Monday, April 8, 2013, under the symbol "MPL.P".

Effective November 14, 2014, MLRC and 1532497 Ontario Inc. ("Cogency") completed a business combination transaction (the "Transaction") pursuant to a court-approved plan of arrangement (the "Arrangement") carried out pursuant to section 182 of the Business Corporations Act (Ontario). The Arrangement was approved by the shareholders of Cogency at a special meeting held on October 8, 2014 (the "Meeting"). The final order of the Superior Court of Ontario approving the Arrangement was issued on October 21, 2014. The transaction was accounted for as a reverse acquisition (note 6) and effective on November 14, 2014, MLRC changed its name to Maple Leaf Royalties Corp.

Cogency was incorporated under the laws of the Province of Ontario in 1997 under the name Cogency Semiconductor Inc. to design and market high performance semiconductors that enabled home networking using existing in-home electrical wires. During its 2004 fiscal year, the Company sold substantially all of its assets to a third party corporation. Since that time the Company has been in the process of identifying and evaluating business opportunities with specific interest in the oil and gas industry. On December 19, 2014, Cogency received consent for an instrument of continuation to transfer out of the province of Ontario to British Columbia and changed its name to 1023446 B.C. Ltd.

On completion of the Transaction, Cogency became a wholly-owned subsidiary of the Company and will carry on the business of investing in oil and natural gas assets, with a particular focus on oil and natural gas royalties. The common shares of the Company resumed trading on the TSX Venture Exchange on November 21, 2014, under the trading symbol MPL.

Maple Leaf and Cogency were amalgamated effective January 1, 2015.

(Unaudited, expressed in Canadian dollars)

2 Basis of preparation

These consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee and adopted by the Chartered Professional Accountants ("CPA"). The CPA recognizes IFRS as the Canadian generally accepted accounting principles for publicly accountable enterprises.

The December 31, 2014 consolidated financial statements include the accounts of the Company and its 100%-owned subsidiary, Cogency. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Maple Leaf and Cogency were amalgamated effective January 1, 2015.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company balances and transactions, including any unrealised income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

These financial statements were approved by the Board of Directors on May 25, 2015.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for financial instruments classified as fair value through profit or loss and available-for-sale which are stated at fair value, and the liability component of convertible debentures which is measured at amortized cost.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Short-term investment

The short-term investment consists of a guaranteed investment certificate (GIC) with an original maturity of 1 year and is held with a Canadian chartered bank.

(Unaudited, expressed in Canadian dollars)

Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits with original maturities of three months or less and are held with a Canadian chartered bank.

Revenue recognition

Royalty revenue is recorded in accordance with the royalty rates as stated in the contract terms when the oil and natural gas is sold, title passes to the customer and collection is reasonably assured. Interest is recorded as earned on an accrual basis.

Royalty Interests

Royalty interests are classified as property, plant and equipment and are stated at cost, less accumulated depletion and accumulated impairment losses. Costs incurred on developed oil and gas properties such as drilling of development wells and tangible costs of facilities and infrastructure construction, after determining technical feasibility and commercial viability of reserves, are capitalized to royalty interests when it is probable that a future economic benefit will flow to the Company as a result of the expenditure and the cost can be reliably measured. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. Subsequent expenditure is capitalized only where it enhances the economic benefit of the asset.

a) Depletion

Royalty interests are amortized using the unit-of-production method over their reserve lives based on proved plus probable reserve volumes. Reserves and estimated future development costs are determined annually by qualified independent reserve engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Reserves are converted to equivalent units on the basis of relative energy content.

b) Disposals

Royalty interest assets are de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on de-recognition of the asset, calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset is recognized in profit or loss in the period of de-recognition.

(Unaudited, expressed in Canadian dollars)

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

Income taxes

Income tax 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 expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, plus adjustments to tax payable with regards to previous periods.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

Financial instruments

a) Financial assets

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available for sale.

(Unaudited, expressed in Canadian dollars)

i) Fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL financial assets are measured at fair value, and changes are recognized in profit or loss.

ii) Held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classifies cash and cash equivalents, short-term investments and accounts receivables as loans and receivables.

iv) Available for sale ("AFS")

Non-derivative financial assets not included in the above categories or designated in this category are classified as AFS. They are carried at fair value with changes in fair value recognized directly in other comprehensive income. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

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

b) Financial liabilities

Financial liabilities are classified into one of two categories:

- FVTPL; or

(Unaudited, expressed in Canadian dollars)

- Other financial liabilities.

i) FVTPL

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in profit or loss.

ii) Other financial liabilities

This category is recognized at amortized cost and includes accounts payable and accrued liabilities, amounts due to related party and the convertible debt.

Compound financial instruments issued by the Company include convertible debentures that can be converted at a fixed conversion rate to share capital at the option of the holder. The liability component of convertible debenture is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The conversion component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The conversion component of the convertible debenture is included in equity. Subsequent to initial recognition, the liability component of a convertible debenture is measured at amortized cost using the effective interest method.

Other financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability, or a portion of the liability, for at least 12 months after the reporting date.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

(Unaudited, expressed in Canadian dollars)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

d) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows is being made. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based compensation

The fair value method of accounting is used for share-based awards. Under this method, the compensation cost of options and other share-based compensation arrangements are estimated at fair value at the grant date and

(Unaudited, expressed in Canadian dollars)

recognized as an expense over the vesting period. When exercised, the associated cost is allocated from share-based payment reserve to share capital.

Where share-based awards to directors are cancelled during the vesting period, vesting will be deemed to be immediate and there will be an acceleration of the related expense recognition.

Share issuance costs

Costs directly identifiable with raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

4 Critical judgments and accounting estimates

The preparation of the financial statements in conformity with IFRS requires management to make 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 revenues and expenses during the reporting period. Estimates and judgments 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. Actual outcomes could differ from these estimates and the differences could be material.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements within the next financial year are as follows:

a) Impairment of non-financial assets

In performing the impairment test of royalty interests, management assesses its interests together with the future expenditures to access reserves, which are utilized in determining the amortization charge for the period and assessing whether any impairment charge is required. By their nature, these estimates of discovered and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a post-tax discount rate relevant to the asset in question are subject to measurement uncertainty.

The Company uses a report prepared by an independent reserves specialist who periodically assesses the Company's level of royalty interests by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's royalty interests. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(Unaudited, expressed in Canadian dollars)

b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

5 New accounting standards

The following new standards have not been early adopted by the Company:

IFRS 9: Financial Instruments

The final version of IFRS 9, was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15, was issued in May 2014. The objective of this new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability. This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This new standard is effective for annual periods beginning on or after January 1, 2017.

6 Reverse takeover transaction

Effective November 14, 2014, MLRC exchanged 100% of the 9,639,424 issued and outstanding common shares of Cogency for 11,278,126 common shares issued by MLRC to the shareholders of Cogency (1.17 MLRC common shares for each outstanding common share of Cogency (the "Exchange Ratio")). As a result of this share issuance, the shareholders of Cogency obtained 87.5% of the issued and outstanding common shares of MLRC and, consequently, control of MLRC from an accounting perspective.

(Unaudited, expressed in Canadian dollars)

Accordingly, the Company has accounted for the transaction as a reverse takeover ("Transaction", "RTO") Therefore, for accounting purposes, Cogency, the legal subsidiary, has been treated as the accounting parent company, and MLRC, the legal parent, has been treated as the accounting subsidiary in these consolidated financial statements. As Cogency was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. MLRC's results of operations have been included from November 14, 2014, the date of the completion of the Transaction.

These consolidated financial statements have been prepared on the basis that the Transaction constituted the issuance of shares by Cogency as consideration for MLRC's net monetary assets. Since MLRC did not meet the definition of a business under IFRS 3, *Business Combinations*, the Transaction was considered to be capital in substance. As a result the Transaction falls within the scope of IFRS 2, *Share-based Payments*, which requires the deemed shares issued by the private entity (the consideration for the acquisition of the public shell company) to be recognized at fair value, and no goodwill or intangible asset representing the stock exchange listing has been recorded.

The fair value of the 9,639,424 issued and outstanding shares of Cogency prior to the Transaction was estimated to be $3,506,280, which value was based on the fair value of the shares issued by Cogency pursuant to the private placements that closed concurrently with the closing of the Transaction.

For the purposes of accounting for the RTO, the percentage of ownership of the pre-Transaction shareholders of MLRC in the combined entity upon the completion of the Transaction was determined to be 12.5% (which represents 1,610,000 common shares out of total 12,888,126 common shares of the Company outstanding upon closing of the Transaction). As a result, the fair value of consideration received by pre-Transaction shareholders of MLRC is equal to $434,588.

Upon the closing of the Transaction, the pre-Transaction shareholders of MLRC held 1,610,000 common shares and 43,334 warrants (excluding the MLRC agent's warrants issued prior to Transaction) in the Company.

The excess of the fair value of the consideration received by the pre-Transaction shareholders of MLRC over the fair value of the identifiable net assets of MLRC acquired by Cogency on the closing date of the Transaction was calculated as follows:

	$
Fair value of the consideration received by the pre-Transaction	
Consideration - common shares	434,588
Total fair value of consideration received	**434,588**
Identifiable net assets of MLRC acquired by Cogency	
Cash and cash equivalents	168,268
Prepaids and receivables	3,894
Accounts payable and accruals	(33,679)
Total fair value of identifiable net assets acquired by Cogency	**138,483**
Cost of listing	(295,105)

(Unaudited, expressed in Canadian dollars)

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because Cogency issued shares with a fair value in excess of the identifiable net assets acquired, IFRS 2 requires that the excess is recorded in comprehensive loss as a share-based payment. The amount of the payment, a cost of $295,105, is the difference between the fair value of the consideration received by the pre-Transaction shareholders of MLRC and the identifiable net assets of MLRC acquired by Cogency, which was recorded in the consolidated statement of loss and comprehensive loss.

The consideration and allocation reflects the best estimates and assumptions of management after taking into account all available information.

The cost of executing the Transaction was $54,350, and has been allocated to share capital.

Pursuant to the Transaction, 8,542,266 Cogency warrants outstanding prior to the closing of the Transaction were exchanged in accordance with the Exchange Ratio for 9,994,444 warrants of the Company, and the exercise price thereof was correspondingly adjusted. Each warrant of the Company (excluding the MLRC agent's warrants) entitles the holder to acquire one share of the Company at a price of $0.3675 per share until November 14, 2016. The fair value of the Cogency warrants prior to the transaction was estimated using the Black-Scholes option pricing model that assumed a risk-free interest rate of 1%, an expected life of two years, annualized volatility of 50%, and a dividend rate of 0%. The fair value of those warrants was estimated to be $0.06.

7 Royalty interests

	March 31, 2015 $	December 31, 2014 $
Cost		
Opening balance	6,849,860	-
Royalty acquisitions	8,935,126	6,849,860
Closing balance	15,784,986	6,849,860
Accumulated depletion and impairment		
Opening balance	36,900	-
Impairment	-	-
Depletion	302,729	36,900
Closing balance	339,629	36,900
Net book value	15,445,357	6,812,960

(Unaudited, expressed in Canadian dollars)

At March 31, 2015, the Company assessed the carrying amount of its royalty interests in oil and gas assets for indicators of impairment such as changes in future prices, future costs and reserves. As a result, the recoverable amounts for the royalty interests in oil and gas assets equaled fair value.

Estimates of recoverable amounts of the royalty interests in oil and gas assets were based on fair value less costs to sell, determined by discounting each asset's estimated future cash flows at an average post-tax discount rate of 10%. A 5% increase (decrease) in the discount rate used would result in a decrease (increase) in the estimated carrying value of approximately $1,397,000 ($2,331,000).

8 Management fees

MLRC is a party to a management agreement, pursuant to which Peace Energy Inc., an external management company controlled by Daniel Gundersen, the Chief Executive Officer of MLRC, AACT Capital Ltd., an external management company controlled by Adam Thomas, the President of MLRC, and CADO Bancorp Ltd. ("CADO"), an external management company controlled by Hugh Cartwright and Shane Doyle, who are Managing Directors of MLRC, will provide the necessary personnel to carry out executive and administrative services for MLRC in exchange for fees payable by MLRC to the Manager, the "Management Agreement". The "Manager" means, collectively, AACT Capital Ltd. and Peace Energy Inc.

Under the Management Agreement, CADO will be responsible for the following aspects of the administration of MLRC's business (and to assist and cooperate with the Manager in the provision of the services above): (a) accounting and financial reporting; and (b) corporate administration, including reporting and marketing.

Mr. Gundersen, the Chief Executive Officer of MLRC, will be compensated for acting as the Chief Executive Officer pursuant to the terms of the Management Agreement. Under the Management Agreement, Peace Energy Inc., an external management company controlled by Mr. Gundersen, will be paid an amount equal to $0.75 on an annualized basis per barrel of oil equivalent of production of Petroleum Substances generated from the assets and an amount equal to 0.60% of revenue generated by the Company.

Mr. Thomas, the President of MLRC, will be compensated for acting as the President pursuant to the terms of the Management Agreement. Under the Management Agreement, AACT Capital Ltd., an external management company controlled by Mr. Thomas, will be paid an amount equal to $0.75 on an annualized basis per barrel of oil equivalent of production of petroleum substances generated from the assets and an amount equal to 0.60% of revenue generated by the Company.

Under the Management Agreement, CADO will be paid an amount equal to $1.00 on an annualized basis per barrel of oil equivalent of production of petroleum substances generated from the assets and 0.80% of revenue generated by the Company, in exchange for providing accounting, financial reporting, and corporate administration services.

The above amounts are deemed to be related party transactions with key management personnel (see note 15).

(Unaudited, expressed in Canadian dollars)

9 Due to related parties and related party transactions

For the period ended March 31, 2015, management fees of $50,670 (December 31, 2014 - $4,016) were incurred and are included in administrative and other expense; $50,670 (December 31, 2014 - $4,016) remained payable as at March 31, 2015. Balances and transactions with related parties have been recorded at the exchange amount.

10 Share capital

a) Authorized

The Company has authorized for issuance an unlimited number of Class A common shares, without nominal or par value, an unlimited number of redeemable, convertible Class A preferred shares, and an unlimited number of non-voting Class B preferred shares.

b) Issued and outstanding

	Number of shares	Amount
		$
Balance – December 31, 2014	28,915,131	60,250,136
Issuance of shares	23,000,000	8,970,000
Balance – March 31, 2015	51,915,131	69,220,136

All common shares of MLRC acquired in the secondary market prior to the completion of the Transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the TSX-V, all securities of MLRC held by principals of the resulting issuer were escrowed.

Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the final exchange acceptance of the qualifying transaction and an additional 15% will be released on the dates six months, 12 months, 18 months, 24 months, 30 months and 36 months following. As at March 31, 2015 and December 31, 2014, 1,512,810 MLRC shares were subject to escrow.

Preferred shares

The Company is authorized to issue an unlimited number of preferred shares without par value. As at Mach 31, 2015, 100 Class C preferred shares are owned by the Company and held in treasury. Preferred

(Unaudited, expressed in Canadian dollars)

shares may be issued in one or more series. Subject to the Business Corporations Act (British Columbia), the directors may, by resolution, if none of the shares of any particular series are issued, alter the articles of the Company and authorize the alteration of the notice of articles of the Company, as the case may be, to do one or more of the following:

i) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;

ii) create an identifying name for the shares of that series, or alter any such identifying name; and

iii) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

11 Other reserves

	Mar 31, 2015 **$**	**Dec 31, 2014** **$**
Warrants	512,536	512,536
Contributed Surplus	743,696	743,696
	1,256,232	1,256,232

a) Warrants

	Warrants Outstanding	**$**	**Exercise price $**	**Expiry**
June 30, 2014	-	-	-	
Warrants issued- private placement	8,542,266	512,536	0.43	November 14,2016
Exchange of Warrants	1,452,178	-	-	November 14,2016
March 31, 2015 and December 31, 2014	9,994,444	512,536	0.3675	November 14,2016

Upon the closing of of the Transaction, Cogency issued 1,388,890 warrants pursuant to the brokered financing and the 7,153,376 warrants pursuant to the non-brokered financing.

Each whole Cogency warrant entitled the holder to acquire one additional common share of Cogency at a price of $0.43 per share until November 14, 2016. At the date of issue the estimated fair value of the Cogency warrants was $0.06 per warrant.

(Unaudited, expressed in Canadian dollars)

Upon closing of the Transaction each Cogency warrant was exchanged for 1.17 Maple Leaf warrants. Each whole Maple Leaf warrant entitled the holder to acquire one additional common share of Maple Leaf at a price of $0.3675 per share until November 14, 2016.

b) Stock option plan

Prior to the Transaction MLRC adopted a stock option plan, which grants to directors, officers and technical consultants to MLRC non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. These options are exercisable for a period of up to 10 years from the date of grant. Until the completion of listing on the TSX-V, the number of common shares reserved for issuance pursuant to the Company's stock option plan will not exceed 589,000 common shares. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares, and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

IFRS 2, *Share-based Payments*, requires that an expense be recognized as the directors' services are received regardless of when the grant date is determined to occur. Therefore, although the grant date fell after the directors begin to provide services, the fair value of the award must be estimated at each reporting period until the grant date is established and then revised once the grant date has been established. As the directors became aware that they would be compensated via a stock option plan on June 20, 2012, the expense has been recognized from that date onwards.

Prior to the closing of the Transaction the 173,334 outstanding options were consolidated on a 4:1 basis for 43,334 Maple Leaf options. Each option entitles the holder to acquire one additional common share of the Company at a price of $0.40 per share until April 8, 2023.

These options were valued using the Black-Scholes option pricing model with the following assumptions:

Stock price volatility	111.5% - 124.5%
Risk-free interest rate	2.65%
Expected life of options	10 years
Expected dividend yield	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

MLRC had previously engaged Macquarie Private Wealth Inc. (the ''Agent'') to act as agent to sell up to 2,000,000 common shares of MLRC at a price of $0.10 per share (the ''Offering''). The Agent was granted non-transferable options to purchase up to 120,000 common shares which may be exercised for a period of 24 months from the day the common shares of the Company are listed on the TSX-V at a strike price of $0.10 per common share. These options were consolidated 4:1 prior to the Transaction and 30,000 Agent options remained outstanding as at December 31, 2014. Subsequent to quarter end, the options expired unexercised.

(Unaudited, expressed in Canadian dollars)

Financial risks

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The carrying value of the Company's financial instruments, consisting of cash and cash equivalents, short-term investment, accounts payable and accrued liabilities, due to related party amounts and convertible debt approximates their fair value due to the short-term nature of such instruments.

Fair value

The fair value of each classification of financial instruments is as follows:

	Loans and receivables		**Other financial liabilities**	
	March 31, 2015 $	**Dec 31, 2014 $**	**March 31, 2015 $**	**Dec 31, 2014 $**
Financial assets				
Cash and cash equivalents	464,376	957,422	-	-
Short-term investment	2,605,822	2,179,460	-	-
Accounts receivable	349,171	314,412	-	-
Financial liabilities				
Accounts payable and accrued liabilities	-	-	421,642	689,309
Due to related party	-	-	-	15,939
	3,419,369	3,451,294	421,642	705,248

Credit risk

Credit risk is the risk of financial loss to the Company if an investor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents and the short-term investment.

(Unaudited, expressed in Canadian dollars)

Investment objectives are primarily directed towards preservation of capital and liquidity. The investment policy provides limitations on concentrations of credit risk, credit quality and the duration of investments, as well as minimum rating requirements for cash and cash equivalents held in banks and financial institutions. Management monitors its exposure to credit risk on a continual basis.

The maximum credit risk exposure is $3,419,369 (December 31, 2014 - $3,451,294). The Company believes the credit risk associated with the cash and cash equivalents and the short-term investment is limited due to the credit quality of the financial institutions with which the funds are held.

Market risk

i) Interest rate risk

The Company holds a portion of cash in bank accounts that earn variable interest rates. All other financial liabilities in the form of payables and provisions are non-interest bearing. Future net cash flows from interest income on cash and interest expense on variable rate borrowings will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy for short term investments and cash held in banks. This policy focuses primarily on preservation of capital and liquidity. The Company currently does not engage in any hedging or derivative transactions to manage interest rate risk.

As of March 31, 2015, management estimates that if interest rates had changed by 1% (i.e. 100 basis points), assuming all other variables remained constant, the impact to net loss would be immaterial.

ii) Currency risk

Currency risk is the risk that the value of monetary assets and liabilities denominated in currencies other than the Canadian dollar (the reporting currency of the Company) will fluctuate due to changes in foreign exchange rates. The Company's monetary assets and liabilities are all denominated in Canadian dollars.

iii) Other price risk

The Company's financial assets consist of cash and cash equivalents and a short-term investment in a GIC. The short-term investment carries a fixed interest rate; therefore, the Company does not have any significant exposure to other price risk.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to provide reasonable assurance that it can provide sufficient capital to meet liabilities when due. The Company's ability to settle borrowings and other long term liabilities when due is dependent upon future liquidity from capital sources or positive cash flows from operations.

All of the derivative and non-derivative financial liabilities mature in 12 months or less.

(Unaudited, expressed in Canadian dollars)

12 Income Taxes

Through March 31, 2015, the Company had limited operations and related cash inflows. As such, the Company's effective tax rate for the period/ years ended March 31, 2015 and December 31, 2014 is 0% and 0% respectively.

A reconciliation of the provision for income taxes to income taxes at the statutory rate is as follows:

	Mar 31, 2015 $	Dec 31, 2014 $
Loss before income taxes	(40,189)	(16,758)
Recovery of income taxes at statutory rate (26%)	(10,449)	(4,357)
Non-deductible expenses	103	37
Deductible amounts in equity	-	(14,131)
Non-capital losses expired	-	-
Unrecognized tax losses	10,346	18,451
Income tax expense	-	-

The Company has the following deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the statements of financial position:

	Mar 31, 2015 $	Dec 31, 2014 $
Unused tax losses[1]	1,315,132	1,304,786
Capital losses	3,176,747	3,176,747
Scientific research and experimental development	20,005,757	20,005,757
Investment tax credits[2]	3,237,943	3,237,943

[1]Losses expire in 2031 through 2034
[2]Investment tax credits expire in 2020 through 2024

13 Capital management

Capital consists of 51,915,131 shares of common stock with a historical carrying value of $69,220,136 as at March 31, 2015.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(Unaudited, expressed in Canadian dollars)

- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, or sell assets to reduce debt.

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

14 Compensation of key management

Key management includes the Company's directors. Compensation awarded to key management is as follows:

	Mar 31, 2015 $	Dec 31, 2014 $
Share-based compensation	-	-
Management fees	50,670	4,016

15 Subsequent events

a) On April 1, 2015, MLRC completed the acquisition of royalty interests and non-operated working interests in 17 oil and natural gas wells located in Alberta and Saskatchewan from Maple Leaf 2012-II Energy Income Limited Partnership (“Vendor”) in consideration of the issuance and delivery to the Vendor of 23,500,000 common shares in the capital of MLRC at the deemed price of $0.45 per share, representing a total deemed consideration of $10.575 million.

b) On April 14, 2015, MLRC announced it has executed purchase and sale agreements with two private oil and gas companies whereby Maple Leaf will acquire a 5-15% sliding scale gross overriding royalty on oil and a 15% gross overriding royalty on natural gas and natural gas liquids on 1,000 contiguous acres in southern Alberta. The total purchase price for both of the acquisitions is $3.75 million, which will be funded through a combination of the $3 million cash that the company has on hand and bank debt. The transaction has an effective date of April 1, 2015, and closing occurred on May 1, 2015.