Rockefeller Hughes Corporation

Interim condensed Consolidated Financial Statements

For the three and six months ended
January 31, 2015 and 2014

(All amounts stated in US$)
(unaudited)

ROCKEFELLER HUGHES CORPORATION
Interim Condensed Consolidated Statements of Financial Position
(All amounts stated in US$)
(unaudited)

	Notes	As at January 31, 2015	As at July 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 4,738,625	$ 3,938,529
Accounts receivable		247,790	256,113
Prepaid expenses and deposits		5,889	60,219
Inventory		69,258	117,749
Total current assets		5,061,562	4,372,610
Non-current assets			
Oil and gas interests:			
Exploration & evaluation property		64,882	39,222
Property and equipment	3	11,085,688	7,354,115
Total oil and gas interests		11,150,570	7,393,337
Other assets:			
Prepaid expenses and deposits		80,959	55,959
Total other assets		80,959	55,959
Total non-current assets		11,231,529	7,449,296
Total assets		**$ 16,293,091**	**$ 11,821,906**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,075,397	$ 367,159
Total current liabilities		1,075,397	367,159
Non-current liabilities			
Decommissioning liabilities	5	777,296	690,836
Total non-current liabilities		777,296	690,836
Total liabilities		1,852,693	1,057,995
Shareholders' equity			
Common shares	4	20,572,230	19,751,971
Units to be issued		44,753	167,361
Contributed surplus		1,161,083	989,296
Accumulated other comprehensive income		(378,154)	169,712
Deficit		(6,959,514)	(10,314,429)
Total shareholders' equity		14,440,398	10,763,911
Total liabilities and shareholders' equity		**$ 16,293,091**	**$ 11,821,906**

Approved by the Board of Directors

/s/ Zoran Arandjelovic — Director

/s/ Harry Chang — Director

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

ROCKEFELLER HUGHES CORPORATION
Interim Condensed Consolidated Statements of Operations
(All amounts stated in US$)
(unaudited)

	Notes	For the three months ended January 31, 2015	For the three months ended January 31, 2014	For the six months ended January 31, 2015	For the six months ended January 31, 2014
Revenues:					
Oil and gas revenue		$ 540,659	$ 948,560	$ 1,183,521	$ 1,663,972
Royalties		(107,347)	(155,017)	(246,752)	(302,136)
Total net of royalties		433,312	793,543	936,769	1,361,836
Expenses:					
Production expenses		216,100	219,735	477,863	423,671
Depletion, depreciation and amortization	3	29,563	683,920	53,563	847,099
Accretion expense		-	2,837	-	7,259
General and administrative expenses	6	576,760	91,105	1,081,108	525,829
Gain on disposal of assets		3,899,850	-	4,006,463	-
Other income		13,730	9,323	24,217	13,058
Income (loss) before income taxes		3,524,469	(194,731)	3,354,915	(428,964)
Provision for income taxes:					
Deferred income tax recovery		-	-	-	969
Total income taxes		-	-	-	969
NET INCOME (LOSS)		3,524,469	(194,731)	3,354,915	(427,995)
Other comprehensive loss:					
Items that will not be reclassed subsequently to profit and loss:					
Currency translation adjustments		(414,702)	(165,678)	(547,866)	(161,484)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		$ 3,109,767	$ (360,409)	$ 2,807,049	$ (589,479)
Net income (loss) per share:					
Basic		$ 0.04	$ (0.01)	$ 0.04	$ (0.01)
Weighted average number of shares outstanding-basic		73,878,248	49,714,171	74,433,661	46,022,764
Diluted		$ 0.04	$ (0.01)	$ 0.04	$ (0.01)
Weighted average number of shares outstanding-diluted		79,371,209	49,714,171	79,476,464	46,022,764
		-		-	

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

ROCKEFELLER HUGHES CORPORATION

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(All amounts stated in US$)

(unaudited)

	For the six months ended January 31, 2015		2014	
Common Shares				
Balance August 1	$	19,751,971	$	15,224,381
Shares issued		823,478		1,620,807
Share issuance costs		(3,219)		-
Balance January 31	**$**	**20,572,230**	**$**	**16,845,188**
Units to be issued				
Balance August 1	$	167,361	$	-
Units issued		(167,361)		-
Additional units to be issued		44,753		-
Balance January 31	**$**	**44,753**	**$**	**-**
Contributed Surplus				
Balance August 1	$	989,296	$	778,050
Stock options:				
Stock based compensation		171,787		27,088
Balance January 31	**$**	**1,161,083**	**$**	**805,138**
Deficit				
Balance August 1	$	(10,314,429)	$	(8,718,726)
Net income (loss)		3,354,915		(427,995)
Balance January 31	**$**	**(6,959,514)**	**$**	**(9,146,721)**
Accumulated Other Comprehensive Income (Loss)				
Balance August 1	$	169,712	$	227,625
Foreign currency translation adjustment		(547,866)		(161,484)
Balance January 31	**$**	**(378,154)**	**$**	**66,141**
Total Shareholders' Equity	**$**	**14,440,398**	**$**	**8,569,746**

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

ROCKEFELLER HUGHES CORPORATION

Interim Condensed Consolidated Statements of Cash Flows

(All amounts stated in US$)

(unaudited)

	Notes	For the six months ended January 31, 2015	2014
Cash flows from operating activities:			
Net income (loss)		$ 3,354,915	$ (427,995)
Adjusted for:			
Depletion, depreciation and amortization	3	53,563	847,099
Accretion expense		-	7,259
Units to be issued		(122,609)	-
Stock-based compensation		171,787	27,088
Shares issued for service	4	153,274	130,586
Changes in non-cash working capital balance related to operations		403	(806,428)
Net cash provided by (used for) operating activities		3,611,333	(222,391)
Cash flows from investing activities:			
(Additions) to property and equipment	3	(3,698,676)	(559,485)
(Additions) disposals of exploration and evaluation property		(25,660)	-
Changes in non-cash working capital balance related to assets		793,980	100,000
Net cash (used) for investing activities		(2,930,356)	(459,485)
Cash flows from financing activities:			
Cost of issuance	4	(3,218)	-
Proceeds from exercise of warrants	4	670,203	-
Proceeds from private placement sale of common stock		-	1,490,222
Net cash provided by financing activities		666,985	1,490,222
Effect of currency rates on cash and cash equivalents		(547,866)	(161,484)
Increase in cash and cash equivalents		800,096	646,862
Cash and cash equivalents - beginning of year		3,938,529	1,660,495
Cash and cash equivalents - end of year		$ 4,738,625	$ 2,307,357
Cash and cash equivalents consist of:			
Cash		$ 1,559,965	$ 87,261
Short-term bank deposits		3,178,660	2,220,096
Cash and cash equivalents		$ 4,738,625	$ 2,307,357

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

1. Description of Business

Rockefeller Hughes Corporation (the "Corporation" or "RHC") was incorporated under the laws of the Province of Ontario on August 15, 2008. The Corporation is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in North America. On March 20, 2014, RHC became a publicly traded entity on the TSX Venture Exchange under the trading symbol "RHC". The address of its registered office is 150 Jardin Drive, Suite 9, Concord, Ontario L4K 3P9, with a regional operations office in Houston, Texas.

These interim condensed consolidated financial statements ("the interim financial statements") of the Corporation for the three and six months ended January 31, 2015 and 2014 were reviewed, approved and authorized for issue by the Board of Directors on March 20, 2015.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

2. Basis of Preparation

The interim condensed consolidated financial statements of the Corporation have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These consolidated financial statements have been prepared on a historical basis. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The interim financial statements do not contain all of the required annual disclosures and should be read in conjunction with the Corporation's annual financial statements for the year ended July 31, 2014 prepared in accordance with International Financial Reporting Standards ("IFRS"). The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the Corporation's consolidated financial statements for the years ended July 31, 2014 and 2013.

(All amounts stated in US$)

3. Property and Equipment

	January 31, 2014	July 31, 2014
Balance beginning of period	$ 7,354,115	$ 6,276,060
Additions	3,698,676	2,452,097
Disposals	-	-
Changes in decommissioning obligations	86,460	73,306
Accumulated depletion and depreciation	(53,563)	(1,447,348)
Impairment of Asset	-	-
Balance end of period	$ 11,085,688	$ 7,354,115

- *Halo Prospect*

In September 2013, the Corporation entered into an agreement (the "Agreement") with Encana Oil & Gas (USA), Inc. ("Encana") to drill the first Eagleford Shale well inside the Halo Project Area (the "Halo Area"). For paying 100% of the corporation's share of the approximately US $9 million drilling and completion costs, Encana earned the opportunity to increase their working interest from 25% to 50% in all undrilled acreage inside the Halo Project Area. RHC retained 100% working interest in the existing wells producing from the Buda and Georgetown formations, a 50% working interest in the Encana earning well, Killough #2H, and a 50% working interest in all future drilling prospects from the surface to the base of the Georgetown. In June of 2014 Encana sold its interest to Hawkwood and Covey Park. In November of 2014, RHC acquired all of Hawkwood's Buda/Georgetown rights in exchange for 50% of RHC's Eagleford rights, resulting in RHC owning 95% if the Buda/Georgetown rights and 25% of the Eagleford rights. In addition to the Buda/Georgetown rights, Hawkwood paid RHC $4MM.

- *Wharton County Prospect*

In March of 2014 the Corporation entered into the Wharton County Prospect ("Wharton County") Participation Agreement with Black Pearl Holdings, LLC ("Black Pearl"). RHC earned a 30% working interest ("WI") in the Gary Heirs #3 well ("Gary Heirs") and additional rights to participate in all future wells by paying Black Pearl a total of $548,758.68. The Corporation's 30% WI and 22.2% net revenue interest ("NRI") in Gary Heirs reverts to a 22.5% WI and a 16.65% NRI after payout of Black Pearl's investment. The Corporation will participate in all subsequent wells with an un-promoted 22.5% WI and 16.65% NRI.

- *Woodbine Prospect*

On June 20, 2014 RHC entered into a Participation Agreement with Helm-Gartner Oil, LLC ("HGO") to participate as operator of the Woodbine Prospect ("Woodbine") in Leon County, Texas. As part of the agreement, RHC will receive an undivided 35% gross working interest ("WI") and a 26.25% net revenue interest ("NRI") in the leases. To earn the 35% WI, the Corporation paid HGO $684,950 in geological, geophysical, engineering, land, legal, administrative and marketing expenses incurred by HGO to develop the Contract Area. As part of this agreement, the Corporation has agreed to pay a total of $700,000 towards HGO's share of the drilling costs in the first 3 wells of the Oil Play in proportions of $250,000 for the initial test well, $250,000 for a second well and $200,000 for the third well or in proportions of $250,000 for the initial well and $450,000 for the second well if the second well is in the Gas Play.

(All amounts stated in US$)

4. Common Shares

a) Common shares and share purchase warrants

The Corporation is authorized to issue an unlimited number of common shares.

	Number of Shares		Amount
Balance -July 31, 2014	43,231,356	$	15,224,381
Shares issued - Signing bonus (i)	900,000		130,586
Shares issued - Private placement (ii)	8,855,500		1,490,221
Shares issued - IPO (iii)	12,937,255		2,069,753
Share issue costs (iii)	-		(227,562)
Warrants exercised (iv)	4,567,300		1,064,592
Balance - July 31, 2014	70,491,411	$	19,751,971
Share issue costs (iii)	-		(3,218)
Shares issued for service (i)	683,270		153,274
Warrants exercised (iv)	2,942,000		670,203
Balance - January 31, 2015	74,116,681	$	20,572,230

(i) On October 15, 2014 the Corporation issued, 156,511 shares to an officer of the Corporation. The market price of the shares on the date of grant was $0.35. On November 21, 2014 the Corporation issued, 526,759 shares to an officer of the Corporation. The market price of the shares on the date of grant was $0.21.

The consulting contract requires the Corporation to pay the officer a monthly salary of $15,000. The salary is payable in shares valued on the last trading day for each month and issued annually.

(ii) On December 6, 2013, the Corporation completed a non-brokered private placement for gross proceeds of CDN$ 1,593,990 through the issuance of 8,855,500 units at a price of CDN$ 0.18 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of CDN$ 0.25 until December 6, 2015. Directors and officers of the Corporation subscribed for 1,610,000 units.

(iii) On March 20, 2014, the Corporation completed an Initial Public Offering ("IPO") for gross proceeds of CDN$ 2,328,706 through the issuance of 12,937,255 units at a price of CDN$ 0.18 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of CDN$ 0.25 until March 20, 2016. Share issue costs, including legal and finder's fees, in relation to the IPO were CDN$ 255,107. The Corporation also issued 70,000 Finders' warrants with each warrant exercisable into one common share at a price of CDN$ 0.18 until March 20, 2016.

(iv) During the three months ended October 31, 2014, 2,942,000 warrants were exercised for gross proceeds of $670,204 (4,567,300 warrants for $1,064,592 during year ended July 31, 2014)

(All amounts stated in US$)

4. Common Shares (continued)

b) Stock options

On August 15, 2008, the shareholders of the Corporation approved a stock option plan (the "plan"). The plan is renewed annually at the Corporation's annual shareholders' meeting. Pursuant to the plan, the Corporation may issue up to a number of options that is 10% of the outstanding common shares of the Corporation to employees, directors and officers. This amounts to 7,411,668 stock options as at January 31, 2015.

Exercise price in CDN$	As at January 31, 2015			As at July 31, 2014		
	Number of Options Outstanding		Weighted Average Exercise Price	Number of Options Outstanding		Weighted Average Exercise Price
Balance at beginning of period	3,836,568	$	0.35	2,050,000	$	0.50
Granted	765,000	$	0.44	3,011,568	$	0.28
Expired	-	$	-	(1,050,000)	$	(0.50)
Forfeited	(65,000)	$	0.25	(175,000)	$	(0.25)
Balance at period-end	4,536,568	$	0.36	3,836,568	$	0.35

The weighted average fair value of options granted during the six months ended January 31, 2015 was $0.16 (January 31, 2014: $0.06 per option) calculated using a risk-free rate of 1.5%, dividend yield of 0%, historical volatility factor of 84.55% and expected life ranging from 3 to 10 years. Options vest over a period of 1 to 3 years. The value of the options was recorded as stock based compensation expense, with an offsetting amount to contributed surplus based on the vesting terms.

The table below summarizes information about the stock options outstanding as at January 31, 2015:

Number of Options Outstanding	Number of Options Exercisable		Option Price CAD$
4,536,568	2,070,523	$	0.39

The average share price during the six months ended January 31, 2015 was $0.44 (for the year ended July 31, 2014, $0.44)

(All amounts stated in US$)

c) Warrants

On December 6, 2013 8,855,500 warrants were issued in conjunction with the Corporations private placement offering. The warrants are considered vested and expire on December 6, 2015. On March 20, 2014, an additional 13,007,255 warrants were issued in conjunction with the Corporations IPO. The warrants are considered vested and expire March 19, 2016.

5. Decommissioning Liabilities

The carrying amount of the Corporation's decommissioning liabilities comprise the expected future abandonment and site restoration costs associated with the oil and gas properties that the Corporation operates. Abandonment and site restoration costs are based on the Corporation's net ownership in the underlying wells and facilities, the estimated cost to abandon these wells and facilities and the estimated timing of the costs to be incurred in future periods.

The following reconciles the Corporation's decommissioning liabilities on a discounted basis:

	January 31, 2015	July 31, 2014
Balance beginning of period	$ 690,836	$ 411,144
Increase in decommissioning liability	86,460	279,692
Balance end of period	$ 777,296	$ 690,836

6. General and Administrative Expenses

	For the three months ended January 31, 2015	For the three months ended January 31, 2014	For the six months ended January 31, 2015	For the six months ended January 31, 2014
Salary and salary related	$ 317,887	$ 65,593	$ 544,580	$ 302,270
Legal and professional	59,149	(6,400)	100,078	95,819
Audit and accounting	40,272	(4,576)	112,007	46,370
Stock-based compensaton	82,188	12,986	171,787	27,088
General office and other	77,264	23,502	152,656	54,282
Total General and administrative expenses	$ 576,760	$ 91,105	$ 1,081,108	$ 525,829

7. Commitments and Contingencies

The Corporation has no legal commitments to commence further exploration and development on any of the properties in which it has a working interest. Drilling prospects are identified and the individual working interest partner decides whether they will participate in the exploration or development of that prospect and therefore contribute their proportionate share of cost and subsequently receive their proportionate share of revenues.

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

7. Commitments and Contingencies (continued)

	Payments Due by Period		
	Total	Less than 1 Year	1-3 Years
Operating leases	$ 168,707	$ 70,567	$ 98,140
Total future commitments	$ 168,707	$ 70,567	$ 98,140

Litigation

The Corporation's sole litigation matter is in the Superior Court of Justice, Ontario, and is related to an action by certain initial shareholders of the Corporation seeking orders against certain other shareholders, the directors and the Corporation for injunctive relief, cancellation of certain securities and a declaration that the directors and/or the Corporation has acted in a manner that is oppressive or unfairly prejudicial to certain initial shareholders.

Background

The plaintiffs in this action are a number of individuals and private corporations claiming that the initial directors of the Corporation misrepresented certain things about the Corporation prior to the plaintiffs subscribing for common shares. The alleged misrepresentation include, among other things:

(i) the value of the Corporation;

(ii) the efficiency of the share structure;

(iii) the price at which all investors were buying into the Corporation; and

(iv) the intention of the Corporation to go public in early 2011.

It is alleged that certain material facts regarding the Corporation were not disclosed to the plaintiffs including such things as the details of the initial issuance of 'founders shares' to, among others, some of the initial directors of the Corporation. As a result of the alleged misrepresentations and failure to disclose alleged material information, the plaintiffs claim a breach of fiduciary duty, that prohibited representation were made to the plaintiffs and that the initial directors of the Corporation carried on the business of the Corporation in a manner that was oppressive and that was outside the reasonable expectations of shareholders by disregarding the interests of the Corporation's shareholders and diluting the shareholders' interest in the Corporation. The plaintiffs claim alternative damages of $15,000,000 for oppression, breach of fiduciary duty, fraudulent and/or negligent misrepresentation.

The defendants, including the Corporation, have filed a Statement of Defense which denies all claims of the plaintiffs.

(All amounts stated in US$)

Partial Settlement

The Corporation and defendants entered into settlement agreements with 9 of the 12 original plaintiffs in this litigation matter. A consent order of the Ontario Superior Court of Justice confirms the dismissal of all claims by the settling plaintiffs against the defendants on a without costs basis and the parties have agreed to provide full and final mutual releases.

7. Commitments and Contingencies (continued)

Litigation (continued)

The Corporation believes that the claims by the remaining plaintiffs are without merit and they intend to continue to vigorously defend the action. It also believes there is little exposure for the Corporation it the event that the remaining plaintiffs are successful with their claims.

8. Related Party Transactions

The Corporation utilizes administrative services provided by Gioia Arandjelovic, the wife of Executive Chairman of RHC. The Corporation also shares office space and services in Toronto, Ontario with Capital Z Corporation at no charge.

Compensation of key management personnel of the Company

The remuneration of directors, other members of key management personnel, and transactions with related parties that occurred during the periods presented were as follows:

	For the three months ended January 31,		For the six months ended January 31,	
	2015	2014	2015	2014
Administrative services-Gioia Arandjelovic	19,904	5,085	33,750	11,060
Key management compensation	223,788	65,965	379,551	42,085
Total related party transactions	$ 243,692	$ 71,050	$ 413,301	$ 53,145

Key Employee remuneration

The remuneration of directors and other members of key management personnel during the periods presented were as follows:

	For the three months ended January 31,		For the six months ended January 31,	
	2015	2014	2015	2014
Share-based payments	$ 82,188	$ 12,986	$ 171,787	$ 157,674
Total remuneration	$ 82,188	$ 12,986	$ 171,787	$ 157,674

See note 4 for related party transactions in respect of share capital.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation.

9. Risk Management

Financial risks factors

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Corporation's overall risk management program seeks to minimize potential adverse effects on the Corporation's financial performance.

a) Market risk

Foreign exchange risk

Foreign exchange risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Corporation does not hedge foreign currency exposures. All of the operating assets are located in United States and all liabilities that are settle are also in the United States, therefore this limits any significant foreign currency risk as the local currency to pay liabilities is dominated in USD.

b) *Credit risk*

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Most of the Corporation's customers are not independently rated; therefore, the quality of the customer is considered by taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the Board of Directors.

The maximum exposure to credit risk for deposits approximates the amount recognized as trade and sundry receivables in the consolidated statements of financial position. The company does not hold any collateral as security.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's financial liabilities comprise accounts payable and accrued liabilities which are due within 30 days.

The Corporation mitigates liquidity risk by planning its project expenditures in advance of undertaking significant commitments. The Corporation anticipates that it will continue to have adequate liquidity to fund its financial liabilities through its future cash flows.

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2015, the Corporation had a cash and cash equivalents balance of $2,307,357 (July 31, 2014 $1,660,495) to settle current liabilities of $94,772 (July 31, 2014 $735,824). Working capital sharply increased from $984,635 to $2,904,101 during the three months ending January 31, 2015.

Capital management

The Corporation defines the capital that it manages as its working capital. The Corporation's objectives when managing capital are to manage its business in an effective manner with the goal of increasing the value of its assets. The Corporation regularly monitors its available capital and, as necessary, adjusts to changing economic circumstances and the risk characteristics of the underlying assets. In order to maintain or adjust capital requirements, the Corporation may consider the issuance of new shares, the entry into joint venture arrangements or farm-out agreements, or engage in debt financing.

There were no changes in the Corporation's approach to capital management during the years ended July 31, 2014 and 2012. The Corporation and its subsidiaries are not subject to externally imposed capital requirements.

10. Segmented Reporting

The Corporation currently has one operating segment, being the acquisition, exploration, development and operation of oil and gas properties in the United States. Reportable segments are those whose operating results are reviewed by the chief operating decision-makers, identified as the Board of Directors, which is responsible for allocating resources and assessing performance of the operating segment.