

Rockefeller Hughes Corporation

Interim Unaudited Condensed Consolidated
Financial Statements for the three months ended
October 31, 2015 and 2014

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

	Notes	As at October 31, 2015	As at July 31, 2015
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	3	\$ 3,183,648	\$ 4,780,805
Accounts receivable	4	133,913	153,768
Prepaid expenses and deposits		134,273	179,031
Inventory		82,161	82,161
<i>Total current assets</i>		<u>3,533,996</u>	<u>5,195,765</u>
<i>Non-current assets</i>			
<i>Oil and gas interests:</i>			
Exploration & evaluation property	5	98,001	98,001
Property and equipment	6	4,338,467	3,247,632
<i>Total oil and gas interests</i>		<u>4,436,468</u>	<u>3,345,633</u>
<i>Other assets:</i>			
Prepaid expenses and deposits		80,958	80,958
Deferred Income Taxes		-	-
<i>Total Other assets</i>		<u>80,958</u>	<u>80,958</u>
<i>Total non-current assets</i>		<u>4,517,426</u>	<u>3,426,591</u>
Total assets		<u>\$ 8,051,422</u>	<u>\$ 8,622,356</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	7	\$ 1,652,526	\$ 2,104,934
<i>Total current liabilities</i>		<u>1,652,526</u>	<u>2,104,934</u>
<i>Non-current liabilities</i>			
Decommissioning liabilities	9	549,856	603,626
Other Long Term payables		-	-
<i>Total non-current liabilities</i>		<u>549,856</u>	<u>603,626</u>
Total liabilities		<u>2,202,382</u>	<u>2,708,560</u>
<i>Shareholders' equity</i>			
Common shares	8	20,802,372	20,568,245
Units to be issued		-	60,000
Contributed surplus		1,528,331	1,452,190
Accumulated other comprehensive income		(478,241)	(471,633)
Deficit		(16,003,422)	(15,695,006)
<i>Total shareholders' equity</i>		<u>5,849,040</u>	<u>5,913,796</u>
Total liabilities and shareholders' equity		<u>\$ 8,051,422</u>	<u>\$ 8,622,356</u>

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 Income (Loss)
(All amounts stated in US\$)
(unaudited)

		For the three months ended October 31,	
	Notes	2015	2014
Revenues:			
Oil and gas revenue		\$ 359,162	\$ 642,862
Royalties		<u>(104,536)</u>	<u>(139,405)</u>
Net oil & gas revenue		<u>254,626</u>	<u>503,457</u>
Operating costs and expenses:			
Production expenses		70,192	261,764
Depletion, depreciation and amortization			24,000
Impairment Expense		-	-
Accretion expense		-	-
General and administrative expenses	10	<u>496,085</u>	<u>504,348</u>
Total operating costs and expenses		<u>566,277</u>	<u>790,112</u>
Loss before other income and expense		<u>(311,651)</u>	<u>(286,655)</u>
Other income:			
Gain (loss) on disposal of assets		-	106,614
Gain (loss) on asset swap		-	-
Interest income		-	-
Other income (loss)		<u>3,235</u>	<u>10,487</u>
Total other income		<u>3,235</u>	<u>117,101</u>
Income (loss) before income taxes		<u>(308,416)</u>	<u>(169,554)</u>
Provision for income taxes:			
Current income tax expense		-	-
Deferred income tax recovery		<u>-</u>	<u>-</u>
Total income taxes		<u>-</u>	<u>-</u>
NET INCOME (LOSS)		<u><u>\$ (308,416)</u></u>	<u><u>\$ (169,554)</u></u>
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit and loss:			
Currency translation adjustments		<u>(6,608)</u>	<u>(133,164)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		<u><u>\$ (315,024)</u></u>	<u><u>\$ (302,718)</u></u>
Net income (loss) per share:			
Basic		\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding-basic		74,186,683	73,161,465
Diluted		\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding-diluted		74,186,683	73,161,465

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 three months ended October 31,	
	2015	2014
Common Shares		
Balance August 1	\$ 20,568,245	\$ 19,751,971
Shares issued	234,127	664,253
Buyback of shares	-	-
Share issuance costs	-	(3,219)
Balance October 31	\$ 20,802,372	\$ 20,413,005
Units to be issued balance October 31	\$ -	\$ 145,252
Contributed Surplus		
Balance August 1	\$ 1,452,190	\$ 989,296
Stock options:		
<i>Stock based compensation</i>	76,141	89,599
Balance October 31	\$ 1,528,331	\$ 1,078,895
Deficit		
Balance August 1	\$ (15,695,006)	\$ (10,314,429)
Net income (loss)	(308,416)	(169,554)
Balance October 31	\$ (16,003,422)	\$ (10,483,983)
Accumulated Other Comprehensive Income (Loss)		
Balance August 1	\$ (471,633)	\$ 169,712
Foreign currency translation adjustment	(6,608)	(133,164)
Balance October 31	\$ (478,241)	\$ 36,548
Total Shareholders' Equity	\$ 5,849,040	\$ 11,189,717

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)

	For the three months ended October 31,	
	2015	2014
	\$	\$
Cash flows from operating activities:		
Net income (loss)	\$ (308,416)	\$ (169,554)
Adjusted for:		
Depletion, depreciation and amortization	-	24,000
Accretion expense	-	-
Impairment loss from oil and gas property	-	-
Units to be issued	-	(22,109)
Stock-based compensation	76,141	89,599
Shares issued for service	174,127	-
Deferred income taxes	-	-
Loss (gain) on asset swap	-	-
Loss (gain) on disposal of assets	-	-
Changes in non-cash working capital balance related to operations	(387,795)	149,640
Net cash provided by (used for) operating activities	(445,943)	71,576
Cash flows from investing activities:		
(Additions) to property and equipment	(1,090,835)	(691,878)
Proceeds of disposition of property and equipment	-	-
(Additions) disposals of exploration and evaluation property	-	(1,572)
Changes in non-cash working capital balance related to assets	(53,770)	168,550
Net cash (used for) investing activities	(1,144,605)	(524,900)
Cash flows from financing activities:		
Buyback of common shares	-	-
Proceeds from private placement sale of common stock	-	-
Proceeds from IPO	-	-
Cost of issuance	-	(3,219)
Proceeds from exercise of warrants	-	664,252
Net cash provided by financing activities	-	661,033
Effect of currency rates on cash and cash equivalents	(6,608)	(133,164)
Increase in cash and cash equivalents	(1,597,157)	74,545
Cash and cash equivalents - beginning of year	4,780,805	3,938,529
Cash and cash equivalents - end of year	\$ 3,183,648	\$ 4,013,074
Cash and cash equivalents are comprised of:		
Cash in bank	912,595	264,148
Short-term bank deposits	2,271,053	3,748,926
Cash and cash equivalents	\$ 3,183,648	\$ 4,013,074

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

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

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 months ended October 31, 2015 and 2014 were reviewed, approved and authorized for issue by the Board of Directors on December 4, 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 the International Financial Reporting Standard (“IFRS”) issued by the International Accounting Standard Board (“IASB”) 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, 2015 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, 2015 and 2014.

ROCKEFELLER HUGHES CORPORATION

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended October 31, 2015 and 2014

(All amounts stated in US\$)

(unaudited)

3. Cash and Cash Equivalents

	<u>October 31, 2015</u>	<u>July 31, 2014</u>
Cash at bank and on hand	\$ 912,595	\$ 2,316,823
Short term bank deposits	<u>\$ 2,271,053</u>	<u>\$ 2,463,982</u>
Cash and cash equivalents	<u><u>\$ 3,183,648</u></u>	<u><u>\$ 4,780,805</u></u>

4. Accounts Receivable

	<u>October 31, 2015</u>	<u>July 31, 2015</u>
Trade receivables	\$ 90,692	\$ 136,990
Other receivables	<u>\$ 43,221</u>	<u>\$ 16,778</u>
Total Accounts Receivable	<u><u>\$ 133,913</u></u>	<u><u>\$ 153,768</u></u>

5. Exploration and Evaluation Property

	<u>October 31, 2015</u>	<u>July 31, 2015</u>
Balance beginning of period	\$ 98,001	\$ 38,223
Additions	-	-
Disposals	<u>-</u>	<u>\$ 68,778</u>
Balance end of period	<u><u>\$ 98,001</u></u>	<u><u>\$ 98,001</u></u>

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

6. Property and Equipment

	<u>October 31, 2015</u>	<u>July 31, 2015</u>
Costs, Beginning of Period	\$ 30,021,889	\$ 26,769,872
Additions	1,090,835	9,761,615
Change in Decommissioning Liability	-	350
Disposals	-	(6,509,948)
Costs, Ending of Period of Period	<u>\$ 31,112,724</u>	<u>\$ 30,021,889</u>
Cumulated depletion, depreciation and impairment, beginning of period	\$ (26,774,257)	\$ (16,267,367)
Disposals	-	1,894,703
Depreciation and depletion	-	(1,719,762)
Impairment	-	(10,681,831)
Carrying Value, end of period	<u>\$ 4,338,467</u>	<u>\$ 3,247,632</u>

Halo Prospect

In September 2013, Rockefeller Hughes entered into a new Carry and Earning Agreement with Encana Oil & Gas (USA), Inc. (“Encana”) to drill the first Eagleford Shale well inside the Halo Project Area (the “Halo Area”). Under the new agreement, Encana agreed to drill and complete a horizontal lateral to test the Eagleford Shale formation. For paying 100% of the Corporation’s share of the \$8.5 million drilling and completion costs, Encana increased their working interest from 25% to 50% in all undrilled acreage inside the Halo Project Area. The Corporation retains 100% working interest in existing wells and 50% working interest in the Encana earning well, Killough 2H. The transaction was recorded at the fair value of the asset received by Rockefeller Hughes from this transaction which was assessed to be the \$4.25 million costs that Encana was paying on behalf of the Corporation. The gain on this transaction was determined to be \$3.4 million.

In November, 2014 the Corporation entered into an agreement with Hawkwood Resources, Denver, to sell 50% of its Eagleford Shale rights inside the Halo Project Area. In return, the Corporation received \$4.0 million and all of Hawkwood’s Buda/Georgetown/Austin Chalk “shallow rights” while retaining a 25% Working Interest in the Eagle Ford Shale. The transaction was recorded at the fair value of the asset given up of \$6.5 million based on net present value of the of the cash flows from proved reserves as estimated by the Corporations independent reserve evaluator less the cost received. The gain on this transaction was determined to be \$6.0 million. In June 2015, the Corporation sold to Hawkwood its remaining 25% Working Interest in the Eagle Ford Shale and its 100% Working Interest in the remaining “shallow rights”, Buda/Georgetown/Austin Chalk for \$3.0 million, retaining 100% Working Interest in the existing producing wells. The loss from this transaction was determined to be US \$0.3 million.

Cinnamon Island II Prospect

In March of 2014 the Corporation entered into the Cinnamon Island II Prospect (“Cinnamon Island”) 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 (\$42,658.68 for land costs, \$75,000 for prospect fee, and \$431,100 drilling and completion). 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.

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

6. Property and Equipment (continued)

Silver Creek Prospect

On June 20, 2014 RHC entered into a Participation Agreement with Helm-Gartner Oil, LLC (“HGO”) to participate as operator of the Silver Creek Prospect (“Silver Creek”) 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. The Silver Creek Prospect has an Oil Play Area (“Oil Play”) that consists of approximately 318 surface acres and a Gas Play Area (“Gas Play”) that consists of approximately 832 acres. 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. In May 2015, the Corporation drilled a 1700’ horizontal well north out of the existing vertical borehole and encountered the Woodbine Sandstone oil productive. A small nitrogen sand frac was put on the well in September 2015.

Mt. Enterprise Prospect

In September 2015, the Corporation entered into an AFE in the Mt. Enterprise prospect in Rusk County to drill a vertical well “Cecil Bunn #1.” The approved expenditures on the Cecil Bunn #1 was \$750,756. As at October 31, 2015, total actual expenditures on the Cecil Bunn well was \$719,158.

7. Accounts Payable and Accrued Liabilities

	October 31, 2015	July 31, 2015
Accounts payable	\$ 1,185,714	\$ 1,543,493
Accrued liabilities	\$ 466,812	\$ 561,441
Total accounts payable and accrued liabilities	<u>\$ 1,652,526</u>	<u>\$ 2,104,934</u>

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

8. 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, 2013	43,231,356	\$ 15,224,381
Shares issued - Signing bonus	900,000	130,586
Shares issued - Private placement	8,855,500	1,490,221
Shares issued - IPO	12,937,255	2,069,753
Share issue costs	-	(227,562)
Warrants exercised	4,567,300	1,064,592
Balance -July 31, 2014	70,491,411	\$ 19,751,971
Shares issued for service	683,270	\$ 149,289
Share issue costs	-	(3,218)
Warrants exercised	2,942,000	670,203
Balance -July 31, 2015	74,116,681	\$ 20,568,245
Shares issued for service	1,099,505	\$ 234,127
Balance - October 31, 2015	\$ 75,216,186	\$ 20,802,372

- (i) On August 1, 2013 the Corporation issued, as a signing bonus, 900,000 shares to an officer of the Corporation. The market price of the shares on the date of grant was \$0.145.
The consulting contract requires the Corporation to pay the officer a monthly salary of \$15,000. The salary is payable in shares and valued on the last trading day for each month
- (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.

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

8. Common Shares (continued)

- (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
- (iv) 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.
- (v) In Q2 of the fiscal year ended July 31, 2015, the officer of the corporation received 683,270 shares valued at \$149,289 relating to his accrued salary for the year ended July 31, 2014.
- (vi) In the year ended July 31, 2015, 2,940,000 warrants were exercised for cash proceeds of \$670,203. (4,567,300 warrants for \$1,064,592 during year ended July 31, 2014)
- (vii) In Q1 of the fiscal year ending July 31, 2016, the officer of the corporation received 1,099,505 shares valued at \$234,127 relating to his accrued salary for the year ended July 31, 2015.

b) Stock options

On August 15, 2008, the shareholders of the Corporation approved a stock option plan (the “plan”), pursuant to which, 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 7,521,619 stock options as at October 31, 2015.

	Number of Options Outstanding	Weighted Average Exercise Price
Balance - July 31, 2013	2,050,000	\$ 0.500
Expired	(1,050,000)	\$ (0.500)
Forfeited	(175,000)	\$ (0.250)
Granted	3,236,568	\$ 0.278
Balance - July 31, 2014	4,061,568	\$ 0.348
Expired	-	\$ -
Forfeited	(640,000)	\$ (0.250)
Granted	940,000	\$ 0.440
Balance July 31, 2015	4,361,568	\$ 0.419
Expired	-	
Forfeited	-	
Granted	-	
Balance October 31, 2015	4,361,568	\$ 0.419

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

8. Common Shares (continued)

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

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price
4,361,568	3,197,712	\$0.37

The weighted average contractual life of outstanding options and exercisable options as of October 31, 2015 is 6.99 years (7.24 years at July 31, 2015)

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.

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - July 31, 2015	14,353,455	\$ 0.25
Exercised	-	\$ -
Balance - October 31, 2015	14,353,455	\$ 0.25

The weighted average contractual life of outstanding options and exercisable options as of October 31, 2015 is 0.26 years (0.51 years at July 31, 2015)

9. 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:

	October 31, 2015	July 31, 2015
Balance beginning of period	\$ 603,626	\$ 690,836
Increase/(Decrease) in decommissioning liability	(53,770)	(87,210)
Balance end of period	\$ 549,856	\$ 603,626

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

10. General and Administrative Expenses

	For the three months ended October 31,	
	2015	2014
Salary and salary related	\$ 251,799	\$ 226,693
Insurance	44,758	27,775
Legal and professional	56,487	40,929
Audit and accounting	40,827	71,735
Stock-based compensation	76,141	89,599
General office and other	26,074	47,617
Total General and administrative expenses	<u>\$ 496,085</u>	<u>\$ 504,348</u>

11. 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.

	Payments Due by Period		
	Total	Less than 1 Year	1-3 Years
Operating leases - rent	133,891	71,969	61,922
Total future commitments	<u>\$ 133,891</u>	<u>\$ 71,969</u>	<u>\$ 61,922</u>

Litigation

(1) Initial Shareholders

The Corporation's first 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.

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

11. Commitments and Contingencies

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.

Partial Settlement

The Corporation and defendants entered into settlement agreements with 8 of the 12 original plaintiffs in this litigation matter. A consent order of the Ontario Superior Court of Justice confirms the dismissal of all 8 claims by the settling plaintiffs against the defendants on a without basis and the parties have agreed to provide full and final mutual releases.

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 in the event that the remaining plaintiffs are successful with their claims.

(2) Rockefeller Name

During the year the Corporation Rockefeller & Co. New York filed a lawsuit against the Corporation in that they wished that the Corporation's use of the name Rockefeller to be dropped and for the Corporation not to use this name.

On October 9, 2015 Rockefeller & Co. dropped the litigation against RHC Energy (USA). With respect to the claim against Rockefeller Hughes Corporation, the litigation is ongoing.

(3) US Directional Drilling (USDD)

During the year the Corporation had contracted USDD to drill on the Pack and Vann 4 ST Wells.

USDD had filed a claim of \$1M against the Corporation and in turn the Corporation submitted a counter suit against USDD of \$1M on account of damages.

In addition to the USDD litigation, there are other vendors that are owed approximately \$42,000 and are currently pending litigation.

As at October 31, 2015, the Corporation has accrued a total of \$372,000 of liabilities relating to work performed by vendors currently in litigation and others in dispute.

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

12. Related Party Transactions

The Corporation utilizes consultation services provided by Capital Z Corporation, an entity wholly owned by the Executive Chairman of RHC. The Corporation also shares office space and services in Toronto, Ontario with Capital Z Corporation at no charge. The Corporation utilized tax consulting services provided by Harry Chang, a Director of the Corporation.

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 October 31,	
	2015	2014
Administrative services - Gioia Arandjelovic	13,846	13,846
Key management compensation	175,987	155,763
	<u>189,833</u>	<u>169,609</u>

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 October 31,	
	2015	2014
Short-term benefits	-	-
Share based payments	76,141	89,599
	<u>76,141</u>	<u>89,599</u>

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.

See note 8 for related party transactions in respect of share capital.

ROCKEFELLER HUGHES CORPORATION
Notes to the Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2015 and 2014
(All amounts stated in US\$)
(unaudited)

13. 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. 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 accounts receivable in the consolidated statements of financial position. The Corporation 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 October 31, 2015, the Corporation had a cash and cash equivalents balance of \$3,183,648 (July 31, 2015 \$4,780,805) to settle current liabilities of \$1,652,526 (July 31, 2015 \$2,104,934).

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 quarter ended October 31, 2015. The Corporation and its subsidiaries are not subject to externally imposed capital requirements.

ROCKEFELLER HUGHES CORPORATION

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended October 31, 2015 and 2014

(All amounts stated in US\$)

(unaudited)

14. 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.

15. Subsequent Events

None.