Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Periods ended March 31, 2014 and 2013

BLACKHAWK RESOURCE CORP.

May 26, 2014

Management is responsible for the reliability and integrity of these financial statements. The accompanying interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements are presented in Canadian Dollars.

The accompanying interim consolidated financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the interim consolidated financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of a majority of non-management directors. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the interim consolidated financial statements and to recommend approval of the interim consolidated financial statements to the Board.

The following interim consolidated financial statements are unaudited.

Signed *"David Antony"*
David Antony, CEO

Signed *"Charidy Lazorko"*
Charidy Lazorko, CFO

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statement of Financial Position
(Unaudited)

As at	March 31, 2014	June 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 2,705,121	$ 3,136,429
Trade and other receivables (notes 15(a))	106,566	129,498
Investments at fair value (note 5)	550,000	150,000
Prepaid expenses and deposits	23,742	33,192
	3,385,429	3,449,119
Property, plant and equipment (note 6)	245,595	478,581
	$ 3,631,024	**$ 3,927,700**
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables (notes 15(b))	$ 49,337	$ 341,337
Decommissioning liabilities (note 7)	506,315	539,548
	555,652	880,885
Shareholders' equity		
Share capital (note 8)	6,405,065	6,405,065
Contributed surplus	764,157	727,548
Deficit	(4,093,850)	(4,085,798)
	3,075,372	3,046,815
	$ 3,631,024	**$ 3,927,700**

See accompanying notes to the interim consolidated financial statements.

Approved for issuance by the Board of Directors on May 26, 2014

Signed *"Raymond Antony"*
Director

Signed *"Scott McGregor"*
Director

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	3 months		9 months	
March 31,	**2014**	**2013**	**2014**	**2013**
Revenue				
Oil and natural gas revenue	$ 310,567	$ 165,261	$ 919,718	$ 573,946
Less: royalties	(60,563)	(14,166)	(231,321)	(79,651)
Other income (note 9)	3,713	–	293,122	225,561
	253,717	151,095	981,519	719,856
Expenses				
Depletion (note 6)	31,284	144,257	199,437	475,066
Gain on sale of property, plant and equipment (note 6)	–	–	(5,846)	–
Field operating expenses	64,925	105,628	270,996	350,177
Transportation costs	6,865	3,948	21,452	18,522
General and administrative	51,646	56,368	309,926	213,196
Professional fees	26,824	37,502	150,126	70,991
Stock based compensation (note 8(c))	20,682	2,006	36,609	46,995
Finance expenses (note 10)	2,005	2,773	6,871	12,454
Settlement of contingency (note 11)	–	450,000	–	450,000
	204,231	802,482	989,571	1,637,601
Net comprehensive income (loss)	**$ 49,486**	**$ (651,387)**	**$ (8,052)**	**$ (917,745)**
Income (loss) per share (note 12):				
Basic	$ 0.00	$ (0.03)	$ (0.00)	$ (0.04)
Diluted	$ 0.00	$ (0.03)	$ (0.00)	$ (0.04)

See accompanying notes to the interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statements of Changes in Equity
(Unaudited)

As at		March 31, 2014		March 31, 2013
Share capital				
Balance, beginning of period	$	6,405,065	$	6,405,065
Balance, end of period		6,405,065		6,405,065
Contributed surplus				
Balance, beginning of period		727,548		680,553
Stock based compensation		36,609		46,995
Balance, end of period		764,157		725,542
Deficit				
Balance, beginning of period		(4,085,798)		(2,848,634)
Net loss		(8,052)		(917,745)
Balance, end of period		(4,093,850)		(3,766,376)
Shareholders' equity	**$**	**3,075,372**	**$**	**3,366,234**

See accompanying notes to interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statements of Cash Flows
(Unaudited)

	3 Month		9 Month	
March 31,	**2014**	**2013**	**2014**	**2013**
Cash provided by (used in):				
Operations:				
Income (loss) from operations	$ 49,486	$ (651,387)	$ (8,052)	$ (917,745)
Items not affecting cash:				
Depletion	31,284	144,257	199,437	475,066
Gain on sale of property, plant and equipment	–	–	(5,846)	–
Stock based compensation	20,682	2,006	36,609	46,995
Finance costs	1,805	2,642	5,494	7,925
	103,257	(502,482)	227,642	(387,759)
Change in non-cash operating working capital:				
Decrease (increase) in trade and other receivables	(23,085)	(18,949)	22,932	(149,777)
Purchase of investments	(400,000)	–	(400,000)	–
Decrease (increase) in prepaid expenses and deposits	8,872	(3,487)	9,450	16,177
Increase (decrease) in trade and other payables	(22,867)	445,620	(292,000)	44,027
	(333,822)	(79,298)	(431,975)	(477,332)
Investments:				
Property, plant and equipment	–	–	–	(126)
Change in non-cash investment working capital:	723	87	667	(566)
	723	87	667	(692)
Net change in cash and cash equivalents	(333,099)	(79,211)	(431,308)	(478,024)
Cash and cash equivalents, beginning of period	3,038,220	3,670,430	3,136,429	4,069,243
Cash and cash equivalents, end of period	**$ 2,705,121**	**$3,591,219**	**$2,705,121**	**$ 3,591,219**

See accompanying notes to interim consolidated financial statements.

1. General information:

Blackhawk Resource Corp. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on March 25, 1986. On March 3, 2014, the Corporation shifted its focus from exploration and production of oil and natural gas in Western Canada to diversified investments.

The Corporation invests in equity and debt instruments of companies and generating positive returns for shareholders. The Corporation's strategy is focused on investing in multiple companies across a variety of sectors throughout North America.

The Corporation's registered office is located at Suite 650, 816 7th Ave SW, Calgary, Alberta, T2P 1A1.

2. Basis of preparation:

The interim consolidated financial statements for the nine month periods ended March 31, 2014 and 2013 have been prepared in accordance with International accounting standard ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements are presented in Canadian dollars.

Some comparative figures have been updated to the current period's presentation.

Statement of compliance

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in the Corporation's June 30, 2013 yearend financials as well as below in note 4.

The interim consolidated financial statements have been prepared on a historical cost basis with some exceptions in accordance with IFRS, as detailed in the accounting policies set out in the Corporation's June 30, 2013 yearend financials as well as below in note 3. These policies have been applied consistently for all periods presented in these interim consolidated financial statements.

3. Significant accounting policies:

With the Corporation's change in business to diversified investments, additional significant accounting polices are required, and are set out below.

a.) Financial instruments (investments):

Classification

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in statement of comprehensive income (loss).

Recognition, derecognition and measurement

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred in the consolidated statement of comprehensive income (loss). Investments are derecognized when the rights to receive cash flow from the investment have expired or the Corporation has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, *Financial Instruments* ("IFRS 9").

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of comprehensive income (loss) within net change in unrealized gains or losses on investments in the period in which they arise.

3. Significant accounting policies (continued):

Reclassification of investments

The Corporation would only reclassify a financial asset when the Corporation changes its business model for managing the financial asset.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Corporation is also required to disclose details of its investments within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

Publicly-traded investments:

Securities including shares, options, warrants, and convertible debentures which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1 in note 5.

Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Corporation considers the nature and length of the restriction. These are included in Level 2 in note 5.

For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes valuation technique is used; if no such market inputs are available or reliable, the warrants and options are valued at intrinsic value, which is equal to the higher of the closing trade price at the consolidated statement of financial position date of the underlying security less the exercise price of the warrant or option, and zero. These are included in Level 2 in note 5.

Private company investments:

Privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in note 5. Options and warrants of private companies are carried at their intrinsic value.

The determinations of fair value of the Corporation's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Corporation has investments may not be available and, even if available, that information may be limited and/or unreliable.

Other investment instruments:

The fair value of loans, promissory notes and mortgage receivables are evaluated by the Corporation based on parameters such as interest rates and individual creditworthiness of the investee. These are included in Level 1 in note 5.

4. Critical accounting estimates:

With the Corporation's change in business to diversified investments, additional accounting estimates are required, and are set out below.

a.) Fair value of investments in securities not quoted in an active market or private company investments:

Where the fair value of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data were possible, but where observable market data are not available, judgement is required to establish fair values.

5. Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Investments by sector consist of the following as at March 31, 2014:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$550,000	$400,000	$150,000	$ –	$550,000	100%
Total	**$550,000**	**$400,000**	**$150,000**	**$ –**	**$550,000**	**100%**

Within level 2, the Corporation includes subscription receipts held in trust for a public company, awaiting the closing of an acquisition. The key assumptions driving the valuation of these instruments include the value at which the Corporation invested, and any significant changes in general market conditions. A 25% change in the fair value of these instruments upon the closing of the acquisition will result in a corresponding $37,500 change in the value of the investment.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Investments by sector consist of the following as at June 30, 2013:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$150,000	$150,000	$ –	$ –	$150,000	100%
Total	**$150,000**	**$150,000**	**$ –**	**$ –**	**$150,000**	**100%**

On November 12, 2012, the Corporation signed a sale agreement in relation to a past investment which was written off in 2009. Under the agreement, the Corporation has sold its interest in the investment for $225,000, with $75,000 being paid upon the signing of the agreement and $150,000 to be paid in the future.

6. Property, plant and equipment:

CGU	Provost Area, Alberta	Greencourt Area, Alberta	Edson Area, Alberta	Queenstown Area, Alberta	Wood River Area, Alberta	Total
Cost						
June 30, 2012	$4,373,078	$79,845	$621,525	$318,083	$435,754	$5,828,284
Additions	–	–	(126)	–	–	(126)
Change in estimate of decommissioning liabilities	(5,590)	(177)	(604)	57	(3,923)	(10,237)
June 30, 2013	$4,367,488	$79,668	$620,794	$318,140	$431,831	$5,817,921
Disposal	(35,106)	–	–	–	–	(35,106)
Change in estimate of decommissioning liabilities	1,166	47	133	60	151	1,556
March 31, 2014	**$4,333,548**	**$79,715**	**$620,927**	**$318,200**	**$431,982**	**$5,784,371**

CGU	Provost Area, Alberta	Greencourt Area, Alberta	Edson Area, Alberta	Queenstown Area, Alberta	Wood River Area, Alberta	Total
Accumulated depletion						
June 30, 2012	$(3,650,962)	$(70,574)	$(616,325)	$(172,018)	$(266,330)	$(4,776,209)
Expense	(429,688)	(3,266)	(935)	(38,324)	(35,420)	(507,633)
Impairment	–	–	–	(55,498)	–	(55,498)
June 30, 2013	$(4,080,650)	$(73,840)	$(617,260)	$(265,840)	$(301,750)	$(5,339,340)
Expense	(180,545)	(1,191)	–	(9,176)	(8,525)	(199,437)
March 31, 2014	**$(4,261,195)**	**$(75,031)**	**$(617,259)**	**$(275,016)**	**$(310,275)**	**$(5,538,776)**
Net book value						
June 30, 2013	$286,838	$5,828	$3,534	$52,300	$130,081	$478,581
March 31, 2014	**$72,353**	**$4,684**	**$3,668**	**$43,184**	**$121,707**	**$245,595**

6. Property, plant and equipment (continued):

On December 19, 2013, but effective July 1, 2013, the Corporation disposed of one of its Provost area properties in exchange for the related decommissioning liability on the property, resulting in a gain on sale of $5,846.

7. Decommissioning liabilities:

	March 31, 2014	June 30, 2013
Balance, beginning of period	$539,548	$540,922
Finance cost	5,494	10,555
Disposal	(40,953)	
Revision of estimates	2,226	(11,929)
Balance, end of period	**$506,315**	**$539,548**

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at March 31, 2014 is approximately $530,980 (June 30, 2013 - $575,627), which is expected to be incurred over the next year to 14 years. An inflation factor of 3% per annum (June 30, 2013 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 1.47% was used to calculate the present value of the estimated future decommissioning liabilities at March 31, 2014 (June 30, 2013 – 1.56%).

8. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

a.) Issued:

	Number of Shares	Amount
Balance, June 30, 2013 and March 31, 2014	**22,179,706**	**$6,405,065**

c.) Stock options:

The Corporation has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 2,217,970 (June 30, 2013 – 2,217,970) common shares. The details of this plan are as follows:

	March 31, 2014		June 30, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	1,561,667	$0.32	1,828,334	$0.32
Granted	1,000,000	$0.10	–	–
Expired	(353,334)	$0.34	(266,667)	$0.30
Options outstanding, end of period	**2,208,333**	**$0.22**	**1,561,667**	**$0.32**
Exercisable, end of period	**1,541,667**	**$0.27**	**1,561,667**	**$0.32**

8. Share capital (continued):

The following table summarizes information about stock options outstanding at March 31, 2014:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.45	141,667	0.42 years	$0.45
$0.30	866,666	2.69 years	$0.30
$0.30	200,000	2.94 years	$0.30
$0.10	700,000	4.72 years	$0.10
$0.10	300,000	4.92 years	$0.10
	2,208,333	**3.51 years**	**$0.22**

The following table summarizes information about stock options outstanding and exercisable at March 31, 2014:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.45	141,667	0.42 years	$0.45
$0.30	866,666	2.69 years	$0.30
$0.30	200,000	2.94 years	$0.30
$0.10	233,333	4.72 years	$0.10
$0.10	100,000	4.92 years	$0.10
	1,541,666	**2.97 years**	**$0.27**

For the nine month period ended March 31, 2014, the Corporation recorded stock based compensation expense of $36,609 (2013 - $46,995), and for the three month period $20,682 (2013 - $2,006). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	2014	**2013**
Risk-free interest rate	1.84%	1.39%
Expected life of options	5 years	5 years
Expected volatility	140.78%	272.95%
Forfeiture rate	0.00%	18.00%
Dividend yield	0.00%	0.00%
Weighted average fair value per option	$0.07	$0.06

9. Other income:

The Corporations other income consists of the following:

Three month period ended March 31,	**2014**	**2013**
Interest income	$3,713	$ –
	$3,713	**$ –**

Nine month period ended March 31,	**2014**	**2013**
Termination fee	$250,000	$ –
Interest income	43,122	561
Investment income	–	225,000
	$293,122	**$226,561**

On July 22, 2013, the Corporation advanced a loan to Global Royalty Corp. ("GRC") with a principal amount of $1,648,896.36 with a maturity of 180 days following the termination of the Share Exchange Agreement that will accrue interest at a rate of prime plus 3% per annum, calculated monthly from the date of the advance, until payment is made, and is secured by general security agreements from GRC and its subsidiaries. As of December 31, 2013, the loan has been paid back in full plus $39,409 in interest.

On November 22, 2013, the Corporation signed a termination agreement with Global Royalty Corp. terminating the previously signed share exchange agreement. As part of the termination agreement the Corporation received a termination fee of $250,000 that has been included in other income on the statement of comprehensive loss.

On November 12, 2012, the Corporation signed a sale agreement in relation to a past investment which was written off in 2009. Under the agreement, the Corporation has sold its interest in the past investment for $225,000, with $75,000 being paid upon the signing of the agreement and $150,000 to be paid in the future. The $225,000 has been included in other revenue for the nine month period ended March 31, 2013.

10. Finance expenses:

The Corporations finance costs consists of the following:

Three month period ended March 31,	**2014**	**2013**
Bank fees	$200	$131
Interest expenses	–	–
Accretion of decommissioning liabilities	1,805	2,642
Finance costs	**$2,005**	**$2,773**

Nine month period ended March 31,	**2014**	**2013**
Bank fees	$759	$603
Interest expenses	618	3,926
Accretion of decommissioning liabilities	5,494	7,925
Finance costs	**$6,871**	**$12,454**

11. Settlement of contingency:

On December 14, 2012, the Corporation received notice of a statement of claim that was filed in regards to the Provost area property, which had been sold earlier in 2012. On May 28, 2013, the Corporation settled the claim for $450,000.

12. Per share amounts:

Net income (loss) per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of diluted earnings per share have been as follows:

Three and nine month period ended March 31,	**2014**	**2013**
Weighted average shares outstanding, basic and diluted	22,179,706	22,179,706

13. Key management compensation:

Key management personnel are composed of the Corporation's Directors and Officers.

For the three month period ended March 31, 2014, the Corporation incurred consulting fees of $31,500 (2013 – $28,500) paid to companies which are controlled by key management of the Corporation, which are included in general and administrative on the interim consolidated statement of comprehensive income (loss). The Corporation also incurred $19,215 (2013 - $2,006) in stock based compensation for options issued to key management. At March 31, 2014, no consulting fees remained outstanding (2013 – $Nil).

For the nine month period ended December 31, 2013, the Corporation incurred consulting fees of $95,100 (2013 – $100,000) paid to companies which are controlled by key management of the Corporation, which are included in general and administrative on the consolidated statement of comprehensive income (loss). The Corporation also incurred $32,867 (2013 - $31,157) in stock based compensation for options issued to key management. At March 31, 2014, no consulting fees remained outstanding (2013 – $Nil).

14. Financial instruments:

The carrying values of the Corporation's financial instruments by category were as follows:

March 31, 2014				
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**	**Total**
Cash and cash equivalents	$ –	$2,705,121	$ –	$2,705,121
Trade and other receivables	–	106,566	–	106,566
Investments at fair value (note 5)	550,000	–	–	550,000
Trade and other payables	–	–	(49,337)	(49,337)
	$550,000	**$2,811,687**	**$(49,337)**	**$3,312,350**

June 30, 2013				
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**	**Total**
Cash and cash equivalents	$ –	$3,136,429	$ –	$3,136,429
Trade and other receivables		129,498	–	129,498
Investments at fair value (note 5)	150,000	–	–	150,000
Trade and other payables	–	–	(341,337)	(341,337)
	$150,000	**$3,265,927**	**$(341,337)**	**$3,074,590**

The carrying value of the Corporation's financial instruments, excluding investments at fair value, approximates their fair value due to the short term nature of these instruments.

15. Risk Management:

Financial instruments risks:

The use of financial instruments can expose the Corporation to several risks including credit, liquidity, and market risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

a.) Credit risk:

The Corporation is subject to credit risk in its cash and cash equivalents, trade and other receivables and investments held at fair value. At March 31, 2014, the Corporations trade and other receivables of $106,566 (June 30, 2013 - $129,498) consisted of $93,906 (June 30, 2013 - $20,083) due from petroleum marketers, $6,887 (June 30, 2013 - $64,855) due from joint venture partners, and $5,773 (June 30, 2013 - $44,533) of other receivables. The Corporations investments held at fair value of $550,000 (June 30, 2013 - $150,000) consists of $150,000 (June 30, 2013 - $Nil) in subscription receipts, $250,000 (June 30, 2013 - $Nil) in short terms loans and $150,000 (June 30, 2013 - $150,000) in a mortgage receivable.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Corporation manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

The Corporation's receivables are normally collected within a 60-90 day period. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Corporation has not experienced any collection issues with its petroleum and natural gas marketers. The Corporation attempts to mitigate the risk from joint-venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint-venture partners as disagreements occasionally arise that increases the potential for non-collection. The Corporation does not typically obtain collateral from petroleum and natural gas marketers or joint-venture partners. The Corporation is also exposed to credit risk with regards to its customers refusing payment.

The Corporation's investments held at fair value include short term loans and a mortgage receivable, which are subject to credit risk. The Corporation reviews the individual creditworthiness of the investee. This review helps to mitigate the credit risk, but the Corporation is still exposed to the risk that the investee will not be able to repay the loan.

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at March 31, 2014:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$49,337	$ −
Total	**$49,337**	**$ −**

The following are the contractual maturities of financial liabilities as at June 30, 2013:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$341,337	$ −
Total	**$341,337**	**$ −**

15. Risk Management (continued):

c.) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, and equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally, in accordance with IFRS 9, the Corporation is required to fair value its investments at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position.

- Equity price risk is defined as the potential adverse impact on the Corporation's loss due to movements in individual equity prices or general movements in the level of stock market
- Interest rate risk is the risk that future cash flows will fluctuate as a result in changes in market interest rates. The Corporation is exposed to interest rate risk to the extent the changes in market interest rates will impact the Corporation's bank balances. The Corporation has not entered into any interest rate swaps or financial contracts to date.
- Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand.

16. Capital disclosures:

In the definition of capital, the Corporation includes shareholders' equity. The Corporation`s objectives when managing capital is 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.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing.