Interim Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Periods ended September 30, 2014 and 2013

BLACKHAWK RESOURCE CORP.

November 27, 2014

Management's Report to the Shareholders

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 consolidated financial statements and to recommend approval of the 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

As at	September 30, 2014	June 30, 2014
Assets		
Cash and cash equivalents	$ 666,189	$ 1,375,325
Trade and other receivables (note 4 and note 17(a))	191,210	102,194
Investments at fair value (note 5)	1,717,610	2,229,800
Investments at amortized cost (note 6)	1,077,075	604,487
Prepaid expenses and deposits	185,557	196,946
Property, plant and equipment (note 7)	237,910	244,307
Long term investments at amortized cost (note 8 and note 17(a))	–	150,000
	$ 4,075,551	**$ 4,903,059**
Liabilities and Shareholders' Equity		
Trade and other payables (note 17(b))	$ 182,661	$ 190,141
Due on investments to be settled (note 5 and note 17 (b))	–	684,430
Decommissioning liabilities (note 9)	280,123	283,617
	462,784	1,158,188
Shareholders' equity		
Share capital (note 10)	6,405,065	6,405,065
Contributed surplus	787,422	779,355
Deficit	(3,579,720)	(3,439,549)
	3,612,767	3,744,871
	$ 4,075,551	**$ 4,903,059**

See accompanying notes to the interim consolidated financial statements.

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

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statements of Comprehensive Loss

Three month period ended September 30,		**2014**		**2013**
Revenues				
Net realized gain on disposal of investments	$	70,659	$	–
Net change in unrealized loss on investments		(193,871)		–
Interest revenue		32,366		19,040
Dividends		7,712		–
Other Investment revenue (note 11)		125,000		–
Oil and gas revenue, net of royalties (note 12)		39,271		245,038
		81,135		264,078
Expenses				
General and administrative		150,736		62,936
Professional fees		5,489		20,702
Stock based compensation (note 10(c))		8,067		–
Transaction costs		11,083		–
Finance costs (note 13)		1,705		2,401
Oil and gas expenses (note 12)		44,226		218,457
		221,306		304,496
Net comprehensive loss	**$**	**(140,171)**	**$**	**(40,418)**
Net comprehensive loss per share (note 14):				
Basic and diluted	$	(0.01)	$	(0.00)

See accompanying notes to the interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.
Interim Consolidated Statements of Changes in Equity

As at		September 30, 2014		September 30, 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		779,355		727,548
Stock based compensation		8,067		–
Balance, end of period		787,422		727,548
Deficit				
Balance, beginning of period		(3,439,549)		(4,085,798)
Net loss		(140,171)		(40,418)
Balance, end of period		(3,579,720)		(4,126,216)
Shareholders' equity	**$**	**3,612,767**	**$**	**3,006,397**

See accompanying notes to the interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Interim Consolidated Statements of Cash Flows

Three month period ended September 30,	**2014**	**2013**
Cash provided by (used in):		
Operations:		
Net loss from continuing operations	$ (140,171)	$ (40,418)
Items not affecting cash:		
Net change in unrealized loss on investments	193,871	–
Oil and gas expenses	8,178	71,224
Stock based compensation	8,067	–
Finance cost	1,022	2,019
	70,967	32,825
Change in non-cash operating working capital:		
Trade and other receivables	(89,016)	(20,205)
Proceeds on disposal of investments	959,863	–
Purchase of investments	(965,815)	–
Prepaid expenses and deposits	11,389	11,000
Trade and other payables	(7,480)	(165,355)
Due on investments to be settled	(684,430)	–
	(704,522)	(141,735)
Financing:		
Loan receivable	–	(1,667,936)
	–	(1,667,936)
Investments:		
Change in non-cash investment working capital	–	(39)
	–	(39)
Decommissioning costs incurred	(4,614)	–
	(4,614)	(39)
Net change in cash and cash equivalents	(709,136)	(1,809,710)
Cash and cash equivalents, beginning of period	1,375,325	3,136,429
Cash and cash equivalents, end of period	**$ 666,189**	**$ 1,326,719**
Supplemental cash flow information:		
Interest received	$ 32,366	$ 19,040
Dividends received	7,712	–

See accompanying notes to the 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 to generate 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 three month periods ended September 30, 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. These interim consolidated financial statements do not include all disclosure required for fair presentation and should be read in conjunction with the Corporation's June 30, 2014 yearend financial statements. Comparative amounts have been reclassified to reflect 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, 2014 yearend financials.

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, 2014 yearend financials. These policies have been applied consistently for all periods presented in these interim consolidated financial statements, except for the adoption of the standards included in note 3.

3. Adopted accounting standards:

a) IAS 32, "Financial Instruments: Presentation" was issued in December 2011 to clarify the current offsetting model and develop common disclosure requirements to enhance the understanding of the potential effects of offsetting arrangements. The adoption of the amendments to this standard did not have a material impact on the Corporation's financial statements.

b) IFRS Interpretations Committee ("IFRIC") 21 "Levies" – IFRIC clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The adoption of this interpretation did not have a material impact on the Corporation's financial statements.

4. Trade and other receivables:

Trade and other receivables consist of the following:

	September 30, 2014	June 30, 2014
Subscription receivables	$71,500	$75,000
Receivables from investments	110,415	24,689
Other receivables	9,295	2,505
Trade and other receivables	**$191,210**	**$102,194**

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 September 30, 2014:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$211,000	$181,000	$47,505	$ –	$228,505	13%
Oil and gas producers	591,696	510,377	–	–	510,377	30%
Mining	472,415	473,070	94,020	–	567,090	33%
Technology and other	421,909	367,250	44,388	–	411,638	24%
Total	**$1,697,020**	**$1,531,697**	**$185,913**	**$ –**	**$1,717,610**	**100%**

Investments by sector consist of the following as at June 30, 2014:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$175,500	$155,500	$47,505	$ –	$203,005	9%
Oil and gas infrastructure	696,363	722,325	–	–	722,325	32%
Oil and gas services	233,000	234,500	–	–	234,500	11%
Oil and gas producers	488,096	491,070	–	–	491,070	22%
Mining	170,000	255,000	87,900	–	342,900	15%
Technology and other	251,121	236,000	–	–	236,000	11%
Total	**$2,014,079**	**$2,094,395**	**$135,405**	**$ –**	**$2,229,800**	**100%**

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies.

The fair value of warrants granted is estimated using the Black-Scholes pricing model, taking into account amounts that are believed to approximate the volatility of the trading price of the company's shares, the expected lives of the warrants, the fair value of the company's stock and the risk-free interest rate, as determined at the grant date. A 25% change in the volatility used to measure these instruments will result in a corresponding $50,155 (June 30, 2014 - $45,945) 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.

5. Investments at fair value and financial instruments hierarchy (continued):

As at September 30, 2014 $Nil (June 30, 2014 - $684,430) was due and outstanding on investments that had been contracted but not settled as of the end of the period.

6. Investments at amortized cost:

Investments held to maturity consist of the following:

	September 30, 2014	June 30, 2014
Short term loans	$768,248	$450,197
Mortgage receivable	150,000	–
Debenture	158,827	154,290
Total investments held to maturity	**$1,077,075**	**$604,487**

The carrying value of the Corporation's short term loans approximates their fair value due to the short term nature of these loans and would be included in level 2 of the financial instruments hierarchy. Short term loans include loans issued for a period of 12 months or less at an average interest rate of 18% (June 30, 2014 - 19%). The fair value of the debenture is estimated to be $154,327 (June 30, 2014 - $149,790) and would be included in level 2 of the financial instruments hierarchy. The debenture has a term of 12 months paying interest of 12% semi-annually. The carrying value of the Corporation's mortgage receivable approximates its fair value and would be included in level 2 of the financial instruments hierarchy.

7. Property, plant and equipment:

The Corporation's property, plant and equipment are composed of the following:

	September 30, 2014	June 30, 2014
Oil and gas properties	$152,923	$159,320
Provost Area GORR	84,987	84,987
Total property, plant and equipment	**$237,910**	**$244,307**

The Corporation's oil and gas properties are separated into CGU's and are as follows:

CGU	Greencourt Area, Alberta	Queenstown Area, Alberta	Wood River Area, Alberta	Total
Cost				
June 30, 2014	$79,682	$318,150	$432,711	$1,451,537
Change in estimate of decommissioning liabilities	(2)	595	1,188	1,781
September 30, 2014	**$79,680**	**$318,745**	**$433,899**	**$1,453,318**

7. Property, plant and equipment:

CGU	Greencourt Area, Alberta	Queenstown Area, Alberta	Wood River Area, Alberta	Total
Accumulated depletion				
June 30, 2014	$(75,216)	$(282,856)	$(313,151)	$(1,292,217)
Expense	−	(5,366)	(2,812)	(8,178)
September 30, 2014	**$(75,216)**	**$(288,222)**	**$(315,963)**	**$(1,300,395)**
Net book value				
June 30, 2014	$4,466	$35,294	$119,560	$159,320
September 30, 2014	**$4,464**	**$30,523**	**$117,936**	**$152,923**

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. Effective June 1, 2014, the Corporation sold its remaining oil and gas working interests in the Provost Area for cash proceeds of $380,000 and was given an overriding royalty (“GORR”) on the properties. The GORR consists of a 2.5% royalty on any new wells drilled and produced on the lands sold and a 5% royalty on one well in the area that was already producing.

8. Long term investments at amortized cost:

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 April, 2015. The Corporation has re-allocated the $150,000 to current investments at amortized cost for the period ended September 30, 2014.

9. Decommissioning liabilities:

	September 30, 2014	June 30, 2014
Balance, beginning of period	$283,617	$539,548
Finance cost	1,022	7,097
Decommissioning costs incurred	(4,614)	(8,439)
Disposal	−	(256,388)
Revision of estimates	98	1,799
Balance, end of period	**$280,123**	**$283,617**

9. Decommissioning liabilities (continued):

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at September 30, 2014 is approximately $294,629 (June 30, 2014 - $302,316), which is expected to be incurred over the next year to 13 years. An inflation factor of 3% per annum (June 30, 2014 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 1.34% was used to calculate the present value of the estimated future decommissioning liabilities at September 30, 2014 (June 30, 2014 – 1.38%).

10. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

f.) Issued:

	Number of Shares	Amount
Balance, June 30, 2014 and September 30, 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, 2014 – 2,217,970) common shares. The details of this plan are as follows:

	September 30, 2014		June 30, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,208,333	$0.22	1,561,667	$0.32
Granted	–	$ –	1,000,000	$0.10
Expired	(141,667)	$0.45	(353,334)	$0.34
Options outstanding, end of period	**2,066,666**	**$0.20**	**2,208,333**	**$0.22**
Exercisable, end of period	**1,733,333**	**$0.22**	**1,561,667**	**$0.32**

The following table summarizes information about stock options outstanding at September 30, 2014:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	2.19 years	$0.30
$0.30	200,000	2.44 years	$0.30
$0.10	700,000	4.22 years	$0.10
$0.10	300,000	4.42 years	$0.10
	2,066,666	**3.23 years**	**$0.20**

10. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable at September 30, 2014:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	2.19 years	$0.30
$0.30	200,000	2.44 years	$0.30
$0.10	466,667	4.22 years	$0.10
$0.10	200,000	4.42 years	$0.10
	1,733,333	**3.02 years**	**$0.22**

For the three month period ended September 30, 2014, the Corporation recorded stock based compensation expense of $8,067 (September 30, 2013 - $Nil). 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
Risk-free interest rate	1.84%
Expected life of options	5 years
Expected volatility	140.78%
Forfeiture rate	0.00%
Dividend yield	0.00%
Weighted average fair value per option	$0.07

11. Other investment revenue:

The Corporation's other investment revenue consists of the following:

September 30,	**2014**	**2013**
Financial guarantee fees	$125,000	$ –
	$125,000	**$ –**

12. Oil and gas revenues and expenses:

The Corporation's oil and gas revenue and expenses consist of the following:

September 30,	**2014**	**2013**
Oil and gas revenue	$41,815	$314,338
Royalties	(2,544)	69,300
Oil and gas revenue, net of royalties	**$39,271**	**$245,038**
Depletion	8,178	71,224
Field operating costs	35,881	126,515
Transportation costs	167	20,718
Oil and gas expenses	**$44,226**	**$218,457**

13. Finance costs:

The Corporation's finance costs consist of the following:

September 30,	2014	2013
Bank fees	$496	$382
Interest expenses	187	–
Accretion of decommissioning liabilities	1,022	2,019
Finance costs	**$1,705**	**$2,401**

14. Per share amounts:

Net 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:

September 30,	2014	2013
Weighted average shares outstanding, basic and diluted	22,179,706	22,179,706

15. Key management compensation and related party transactions:

a.) Key management compensation

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

For the three month period ended September 30, 2014, the Corporation incurred consulting fees of $52,500 (September 30, 2013 – $28,500) paid to companies which are controlled by key management of the Corporation and $12,500 (September 30, 2013 - $Nil) in directors fees accrued to key management, which are included in general and administrative on the consolidated statement of comprehensive loss. The Corporation also incurred $7,590 (September 30, 2013 - $Nil) in stock based compensation for options issued to key management. At September 30, 2014, no consulting fees remained outstanding (September 30, 2013 – $Nil).

b.) Related party transactions

During the three month period ended September 30, 2014, the Corporation incurred legal costs of $2,945 (September 30, 2013 - $1,852) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $Nil were included in trade and other payables at September 30, 2014 (September 30, 2013 - $Nil).

16. Financial instruments:

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

September 30, 2014

Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	$ –	$666,189	$ –
Trade and other receivables	–	191,210	–
Investments at fair value	1,717,610	–	–
Investments held to maturity	–	1,077,075	–
Long term investments	–	–	–
Trade and other payables	–	–	(182,661)
Due on investments to be settled	–	–	–
	$1,717,610	**$2,114,474**	**$(182,661)**

16. Financial instruments (continued):

June 30, 2014			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	$ –	$1,375,325	$ –
Trade and other receivables	–	102,194	–
Investments at fair value	2,229,800	–	–
Investments held to maturity	–	604,487	
Long term investments	–	150,000	
Trade and other payables	–	–	(190,141)
Due on investments to be settled	–		(684,430)
	$2,229,800	**$2,232,006**	**$(874,571)**

The carrying value of the Corporation's financial instruments, excluding investments at fair value and investments held to maturity (note 5 and 6), approximate their fair value due to the short term nature of these instruments.

17. 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, investments held to maturity, and long term investments.

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.

At September 30, 2014, the Corporation's trade and other receivables of $191,210 (June 30, 2014 - $102,194) consisted of $71,500 (June 30, 2014 - $75,000) in subscription receivables that closed after period end, $7,169 (June 30, 2014 - $9,567) due from petroleum marketers, $13,689 (June 30, 2014 - $15,123) due from joint venture partners, $81,250 (June 30, 2014 - $Nil) due on financial guarantee contracts, and $17,602 (June 30, 2014 - $2,504) of other receivables.

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 Corporations investments held to maturity of $1,077,075 (June 30, 2014 - $604,487) consists of $768,248 (June 30, 2014 - $450,197) in short terms loans, $150,000 in a mortgage receivable, and $158,827 in convertible debentures (June 30, 2014 - $154,290). The Corporation also holds a long term investment of $Nil (June 30, 2014 - $150,000) at amortized cost.

The Corporation's investments held to maturity and long term investments 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. There is no allowance recorded against these investments.

17. Risk Management (continued):

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 September 30, 2014:

Financial Liabilities	< One Year	> One Year
Trade and other payables	$182,661	$ –
Total	**$182,661**	**$ –**

The following are the contractual maturities of financial liabilities as at June 30, 2014:

Financial Liabilities	< One Year	> One Year
Trade and other payables	$190,141	$ –
Due on investments to be settled	684,430	–
Total	**$874,571**	**$ –**

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 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 the Corporation is required to fair value its investments held for trading 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 on traded investments. The Corporation manages this risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Corporation also has set thresholds on purchases of investments over which approval of the Board of Directors is required. During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Corporation's investment portfolio can be quite vulnerable to market fluctuations. A 5% change in the closing trade price of the Corporation's held for trading investments would result in an $80,160 change in unrealized gain (loss) on investments.

- 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.

18. Capital disclosures:

In the definition of capital, the Corporation includes shareholders' equity of $3,625,267 (June 30, 2014 - $3,744,871). 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. The Corporation is not subject to any capital restrictions.