Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Years ended June 30, 2016 and 2015

BLACKHAWK RESOURCE CORP.

October 25, 2016

Management's Report to the Shareholders

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

The accompanying 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 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.

Signed *"David Antony"*
David Antony, CEO

Signed *"Charidy Lazorko"*
Charidy Lazorko, CFO

Independent Auditors' Report

To the Shareholders of Blackhawk Resource Corp.:

We have audited the accompanying consolidated financial statements of Blackhawk Resource Corp., which comprise the consolidated statement of financial position as at June 30, 2016 and June 30, 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Blackhawk Resource Corp. as at June 30, 2016 and June 30, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Calgary, Alberta

October 25, 2016

MNP LLP

Chartered Professional Accountants

BLACKHAWK RESOURCE CORP.
Consolidated Statement of Financial Position

As at	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 64,594	$ 554,656
Trade and other receivables (note 18(a))	21,615	117,418
Due on investments to be settled (note 6)	–	98,892
Investments at fair value – Equity (note 6)	2,346,153	1,941,737
Investments at fair value – Short term loans (note 6)	1,193,329	1,940,063
Prepaid expenses and deposits	35,383	32,468
	3,661,074	4,685,234
Lease reclamation deposits	122,207	119,499
Property, plant and equipment (note 7)	44,509	185,519
Long term investments at amortized cost (note 8)	–	300,937
	$ 3,827,790	**$ 5,291,189**
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables (note 18(b))	$ 165,174	$ 139,552
Dividends declared	43,256	28,837
Due on investments to be settled (note 6)	–	144,800
	208,430	313,189
Decommissioning liabilities (note 9)	194,357	205,545
	402,787	518,734
Shareholders' equity		
Share capital (note 10)	7,492,253	7,492,253
Contributed surplus	845,197	793,528
Deficit	(4,912,447)	(3,513,326)
	3,425,003	4,772,455
	$ 3,827,790	**$ 5,291,189**

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on October 25, 2016

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Comprehensive Loss

Year ended June 30,	**2016**	**2015**
Revenues		
Net investment gains (losses)		
Net realized gain (loss) on disposal of investments	$ (1,178,249)	$ 460,734
Net change in unrealized gain (loss) on investments	319,529	(139,340)
Interest revenue	381,206	161,453
Dividends	75	12,055
Other investment revenue (note 11)	49,000	130,000
	(428,439)	624,902
Net revenue from oil and gas properties (note 13)		
Oil and natural gas revenue	52,889	135,298
Less: Royalties	234	(2,986)
	53,123	132,312
	(375,316)	757,214
Expenses		
General and administrative	385,844	487,815
Professional fees	101,908	107,167
Stock based compensation (note 10(c))	51,669	14,173
Transaction costs	13,013	22,743
Finance costs (note 12)	2,017	2,426
Oil and natural gas expenses (note 13)	296,329	167,830
	850,780	802,154
Net loss and comprehensive loss	**$ (1,226,096)**	**$ (44,940)**
Net loss per share (note 14):		
Basic and diluted	$ (0.03)	$ (0.00)

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Changes in Equity

As at		June 30, 2016		June 30, 2015
Share capital				
Balance, beginning of year	$	7,492,253	$	6,405,065
Share issuance – common shares		–		1,141,000
Share issuance costs		–		(53,812)
Balance, end of year		7,492,253		7,492,253
Contributed surplus				
Balance, beginning of year		793,528		779,355
Stock based compensation		51,669		14,173
Balance, end of year		845,197		793,528
Deficit				
Balance, beginning of year		(3,513,326)		(3,439,549)
Net loss and comprehensive loss		(1,226,096)		(44,940)
Dividend declared		(43,256)		(28,837)
Dividends paid		(129,769)		–
Balance, end of year		(4,912,447)		(3,513,326)
Shareholders' equity	**$**	**3,425,003**	**$**	**4,772,455**

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.
Consolidated Statements of Cash Flows

Year ended June 30,	**2016**	**2015**
Cash provided by (used in):		
Operations:		
Net (loss) income from continuing operations	$ (1,226,096)	$ (44,940)
Items not affecting cash:		
Net change in unrealized gains on investments	(319,529)	139,340
Depletion (note 13)	1,701	13,082
Gain on sale of property, plant and equipment (note 13)	–	(25,259)
Impairment of property, plant and equipment (note 13)	141,104	17,325
Stock based compensation	51,669	14,173
Accretion (note 13)	1,734	3,237
Revision of estimates in decommissioning liabilities (note 13)	65,426	13,681
	(1,283,991)	130,639
Change in non-cash operating working capital:		
Trade and other receivables	95,803	(15,224)
Proceeds on disposal of investments, net of realized gain (loss)	5,016,537	3,208,154
Purchase of investments	(4,098,804)	(4,545,944)
Prepaid expenses and deposits	(5,623)	44,979
Trade and other payables	40,041	(50,589)
Due on investments to be settled	(45,908)	(638,522)
	(281,945)	**(1,866,507)**
Finance:		
Proceeds from issuance of common shares	–	1,141,000
Share issuance costs	–	(53,812)
Dividends paid	(129,769)	–
	(129,769)	**1,087,188**
Investments:		
Sale of property, plant and equipment	–	26,000
Decommissioning costs incurred	(78,348)	(67,350)
	(78,348)	**(41,350)**
Net change in cash and cash equivalents	(490,062)	(820,669)
Cash and cash equivalents, beginning of year	554,656	1,375,325
Cash and cash equivalents, end of year	**$ 64,594**	**$ 554,656**
Supplemental cash flow information:		
Interest received	$ 283,660	$ 116,338
Dividends received	75	12,055
Dividends paid	129,769	–

See accompanying notes to the consolidated financial statements.

1. General information:

Blackhawk Resource Corp. (the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

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:

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. 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 and judgments are significant to the consolidated financial statements are disclosed in note 4.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in note 3. These consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional and presentation currency.

3. Significant accounting policies:

These policies have been applied consistently for all periods presented in these consolidated financial statements.

a.) Basis of consolidation

These consolidated financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements, and include the accounts of the Corporation and its wholly owned consolidated subsidiary. As discussed under critical accounting estimates and judgements, the Corporation has determined it meets the definition of an investment entity.

Consolidated subsidiary

In accordance with IFRS 10, subsidiaries are those entities that provide investments-related services and that the Corporation controls by having the power to govern the financial and operating polices of the entity. Such entities would include those who incur management and consulting fees for the Corporation’s day to day operations. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation.

The Corporation’s only consolidated entity is Blackhawk Resource Operating Corp.

Interests in unconsolidated subsidiaries

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities.

The entity, 1053446 BC Ltd., which is significant in nature, is controlled by the Corporation either directly or indirectly and is held as an investment. This entity’s principal place of business is in Canada.

3. Significant accounting policies (continued):

b.) Joint ventures

Certain of the Corporation's oil and gas activities are conducted through joint ventures. A joint venture is an arrangement that the Corporation controls jointly with one or more other investors, and over which the Corporation has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Substantially all of the Corporation's oil and gas activities are conducted jointly with others, and the consolidated financial statements reflect only the Corporation's proportionate interest in such activities.

c.) Cash and cash equivalents

Cash comprises cash on hand. Other investments (term deposits and certificates of deposit) with an original term to maturity at purchase of three months or less are reported as cash equivalents in the consolidated statement of financial position.

d.) Exploration and evaluation assets

Exploration and evaluation ("E&E") assets consist of the Corporation's oil and natural gas exploration projects that are pending the determination of proved reserves. The Corporation accounts for E&E costs in accordance with the requirements of IFRS 6 "Exploration for and Evaluation of Mineral Resources".

E&E costs relating to activities to explore and evaluate oil and natural gas properties are initially capitalized and include costs associated with the acquisition of licenses, technical services and studies, seismic acquisition, exploration drilling and testing, directly attributable overhead and administration expenses, and the costs associated with retiring the assets. E&E costs do not include general prospecting or evaluation costs incurred prior to having obtained the legal rights to explore an area, which are recognized immediately in the consolidated statement of comprehensive loss.

Once the technical feasibility and commercial viability of E&E assets are determined and a development decision is made by management, the E&E assets are tested for impairment upon reclassification to property, plant and equipment. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determined when proved reserves are determined to exist.

E&E assets are also tested for impairment when facts and circumstances suggest that the carrying amount of E&E assets may exceed their recoverable amount, by comparing the relevant costs to the fair value of cash generating units ("CGUs"). Indications of impairment include leases approaching expiry, the existence of low benchmark commodity prices for an extended period of time, significant downward revisions in estimated reserves, increases in estimated future exploration or development expenditures, and significant adverse changes in the applicable legislative or regulatory frameworks.

e.) Property, plant and equipment

Development and production

Property, plant and equipment is measured at cost less accumulated depletion and depreciation and impairment provisions. When significant components of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for separately.

The deemed cost of an asset comprises its purchase price, construction and development costs, costs directly attributable to bringing the asset into operation, the estimate of any asset retirement costs, and applicable borrowing costs. Property acquisition costs are comprised of the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and natural gas properties within each CGU are depleted using the unit-of-production method over proved reserves. The unit of-production rate takes into account expenditures incurred to date, together with future development expenditures required to develop proved reserves.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in the consolidated statement of comprehensive loss.

3. Significant accounting policies (continued):

Impairment

The Corporation assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. Indications of impairment include the existence of low benchmark commodity prices for an extended period of time, significant downward revisions of estimated reserves, or increases in estimated future development expenditures. If any such indication of impairment exists, the Corporation performs an impairment test related to the assets or CGU.

Individual assets are grouped for impairment assessment purposes into CGU's, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). FVLCOD is determined to be the amount the asset could be sold in an orderly transaction between market participants at the measurement date.

VIU is based upon the estimated before tax net present value of the Corporation's proved plus probable reserves, as prepared by independent reserve evaluators. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

In subsequent periods, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated and the net carrying amount of the asset or CGU is increased to its revised recoverable amount. The recoverable amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the consolidated statement of comprehensive income (loss). After a reversal, the depletion charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

f.) Decommissioning liabilities

A provision is recognized for the present value of the future cost of abandonment of oil and gas wells and related facilities. This provision is recognized when a legal or constructive obligation arises. The estimated costs, based on engineering cost levels prevailing at the reporting date, are computed on the basis of the latest assumptions as to the scope and method of abandonment. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk free rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. The corresponding amount is capitalized as part of exploration and evaluation expenditure or property, plant and equipment and is amortized on a unit-of-production basis as part of the depreciation, depletion and amortization charge. Any adjustment arising from the reassessment of estimated cost of decommissioning liabilities is capitalized, whilst the charge arising from the accretion of the discount applied to the decommissioning liabilities is treated as a component of finance costs.

g.) Foreign currency translation

The Corporation's consolidated subsidiary has the same functional currency as that of the Corporation and translates foreign denominated monetary assets and liabilities at the exchange rate prevailing at period end; non-monetary assets, liabilities and related depreciation at historic rates; revenues and expenses at the average rate of exchange for the period; and any resulting foreign exchange gains or losses are included in the consolidated statement of comprehensive loss.

h.) Taxes

The Corporation follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

3. Significant accounting policies (continued):

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

i.) Revenue recognition

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of comprehensive income (loss). Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

The Corporation recognizes interest income as the interest is earned using the accrual method.

Revenue associated with the sale of petroleum and natural gas production owned by the Corporation is recognized when the title passes from the Corporation to its customers and collection is reasonably assured.

Revenue associated with royalties on petroleum and natural gas production is recognized when earned.

j.) Stock based compensation

The Corporation's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Corporation records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the consolidated statement of comprehensive loss as stock based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Corporation's shares, the expected lives of the awards of stock based compensation, the fair value of the Corporation's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

k.) Financial instruments (investments at fair value)

Classification

All investments at fair value are classified upon initial recognition as either held for trading or designated as fair value through profit or loss with changes in fair value reported in the consolidated statement of comprehensive loss.

Recognition, derecognition and measurement

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

Equity investments held for trading and loan investments designated as fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of comprehensive loss. Investments are derecognized when the rights to receive cash flow from the investment has expired or the Corporation has transferred the financial asset and the transfer qualifies for derecognition.

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 loss within net change in unrealized and realized gains or losses on investments in the period in which they arise.

3. Significant accounting policies (continued):

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.

Equity investments

Securities including shares, and warrants 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 6.

For 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. These are included in Level 2 in note 6.

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. These are included in Level 3 in note 6.

Loan investments

The determination of fair value of the Corporation's short term loans are subject to certain limitations. When determining the fair value of short term loans, the Corporation considers the nature and length of the loan, interest on the loan, business risk of the investee company and any other factors that may be relevant to the ongoing and realizable value of the loan investments. The short term loans would be included in Level 3.

l.) Financial instruments other than investments held at fair value

The Corporation classifies its financial instruments into one of the following categories: Held for trading; fair value through profit or loss, loans and receivables; available for sale financial assets; and financial liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Held for trading and fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the statement of comprehensive loss. All other categories of financial instruments are measured at amortized cost using the effective interest method.

Cash and cash equivalents, and trade and other receivables are classified as loans and receivables. Trade and other payables and investments to be settled are classified as other financial liabilities measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the consolidated statement of comprehensive loss. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument and amortized to the consolidated statement of comprehensive loss using the effective interest method.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset, other than those subsequently measured at fair value, is impaired. If such evidence exists, an impairment loss is recognized in the consolidated statement of comprehensive loss.

3. Significant accounting policies (continued):

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

m.) Per common share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year.

n.) Segmented disclosure

The Corporation has two operating segments: oil and gas and investing. Each of these segments is managed separately and requires different marketing approaches. Corporate assets which are not directly attributable to the business activities of these operating segments are not allocated to a segment.

4. Critical accounting estimates and judgments:

The Corporation has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting Estimates:

a.) Estimates of crude oil and natural gas reserves

Depletion and amounts used in impairment calculations are based on estimates of oil and natural gas reserves. Reserve estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Corporation expects that, over time, its reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices.

b.) Decommissioning liabilities

The calculation of decommissioning liabilities include estimates of the future costs and the timing of the cash flows to settle the liability, the discount rate used in reflecting the passage of time, and future inflation rates.

c.) Stock based compensation

The Corporation has made various assumptions in estimating the fair values of the common stock options granted including expected volatility, expected exercise behavior and future forfeiture rates. At each period end, options outstanding are re-measured for changes in the fair value of the liability.

d.) Deferred taxes

Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

4. Critical accounting estimates and judgments (continued):

e.) 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 where possible, but where observable market data are not available, judgement is required to establish fair values.

f.) Valuation of GORR:

The Corporation has made various assumptions in estimating the value of the GORR including expected cash flow, duration of the cash flow and discount rate.

Accounting Judgments:

a.) Determination of investment entity

Judgement is required when making the determination that the Corporation or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Corporation has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

b.) Identification of cash generating units

The classification of the Corporation's oil and gas assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures, and the way in which management monitors the Corporation's oil and gas operations.

5. Future accounting standards:

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after July 1, 2015 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 9, "Financial Instruments" final version was issued in July 2014, which reflects all phases of the financial instruments project and replaces IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9. IFRS 9 introduces new requirements for classifying and measurement, impairments and hedge accounting for financial assets. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Corporation is currently assessing the impact of this standard.

b) IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014 to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Corporation is currently assessing the impact of this standard.

6. 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).

Equity investments by sector consist of the following as at June 30, 2016:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$60,000	$259,000	$289,425	$ –	$548,425	23%
Technology and other	1,881,243	432,543	72,790	1,292,395	1,797,728	77%
Total	**$1,941,243**	**$691,543**	**$362,215**	**$1,292,395**	**$2,346,153**	**100%**

Equity investments by sector consist of the following as at June 30, 2015:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Construction and real estate	$211,000	$166,000	$17,895	$ –	$183,895	9%
Oil and gas producers	447,817	130,950	67,300	–	198,250	10%
Mining	508,540	542,460	245,600	–	788,060	41%
Technology and other	689,000	541,839	179,558	50,135	771,532	40%
Total	**$1,856,357**	**$1,381,249**	**$510,353**	**$50,135**	**$1,941,737**	**100%**

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares and warrants held in private 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 $28,060 (2015 - $26,421) change in the value of the investment.

The fair value of the common shares included in level 3 of $1,292,395 consists of 2 separate investments. Each investment has been evaluated based on available data from the corporations involved. The first investment has incurred an unrealized gain of $12,395 from its cost base of $30,000, the second investment is being carried at cost of $1,250,000, which the Corporation believes represents its fair value.

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.

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

In accordance with IFRS 10, the fair value of the Corporations investments includes the fair value of an entity that is controlled by the Corporation.

In May, 2016, the Corporation participated in a private placement of 1053446 BC Ltd. in the amount of $1,250,00 which gave the Corporation approximately 63% ownership in 1053446 BC Ltd. These shares are unrestricted, common shares. The Corporation also entered into a loan agreement with 1053346 BC Ltd. for the maximum of $100,000, incurring 15% interest and due in full by December 31, 2016. As of June 30, 2016, 1053446 BC Ltd. had borrowed $50,000 on this agreement. Subsequent to year end, the Corporations ownership in 1053346 BC Ltd. has been reduced to 51% due to the completion of a private placement of the company in July, 2016 in which the Corporation did not participate.

As at June 30, 2016, $Nil (2015 - $98,892) was due and outstanding from investments that the Corporation had sold but not settled as of year end.

As at June 30, 2016, $Nil (2015 - $144,800) was due and outstanding on investments that had been purchased but not settled as of year end.

Short term loan investments consist of the following:

	June 30, 2016	June 30, 2015
Short term loans	$1,043,329	$1,940,063
Mortgage receivable (note 8)	150,000	–
Total loan investments	**$1,193,329**	**$1,940,063**

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 3 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 17% (2015 – 18%).

7. Property, plant and equipment:

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

	June 30, 2016	June 30, 2015
Oil and gas properties	$ –	$117,857
Provost Area GORR	44,509	67,662
Total property, plant and equipment	**$44,509**	**$185,519**

For the year ended June 30, 2016, the Corporation identified indicators of impairment and as a result did a five year cash flow analysis discounted at 10% to assess its Provost Area GORR for impairment. As a result of this assessment, the Corporation recorded an impairment of $23,153 (2015 - $17,325). The impairment is due to a reduction in forecasted oil and gas prices and production.

The Corporation's oil and gas properties at June 30, 2016 and 2015 consisted of 2 CGUs, the Greencourt Area and the Wood River Area. These CGUs have a total cost of $518,740 (2015 - $516,945) and accumulated depletion and impairment of $518,740 (2015 - $399,088).

On December 19, 2014, but effective December 1, 2014, the Corporation sold its oil and gas working interest in the Queenstown Area for cash proceeds of $26,000 resulting in a gain on sale of $25,259.

The Corporation assessed its oil and gas properties for impairment on June 30, 2016 and 2015 by CGU. The assessment looked at whether events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. Indications of impairment include the existence of low benchmark commodity prices for an extended period of time, significant downward revisions of estimated reserves, or increases in estimated future development expenditures. Impairment of $117,951 (2015 - $Nil) was recorded in the CGUs as the carrying value exceeded their recoverable amount.

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 January of 2017 and has been reclassified to short term loans (note 6).

On May 4, 2015, the Corporation entered into a long term debenture agreement with a private company for $150,000. This debenture has a term of 3 years with an annual interest rate of 4% and would be included in level 2 of the financial instruments hierarchy. The Corporation disposed of this debenture for $87,900 in the current year.

9. Decommissioning liabilities:

	June 30, 2016	June 30, 2015
Balance, beginning of year	$205,545	$283,617
Accretion	1,734	3,237
Decommissioning costs incurred	(78,348)	(67,350)
Disposal	–	(32,818)
Revision of estimates	65,426	18,859
Balance, end of year	**$194,357**	**$205,545**

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at June 30, 2016 is approximately $200,428 (2015 - $215,479), which is expected to be incurred over the next year to 11 years. An inflation factor of 3% per annum (2015 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 0.68% was used to calculate the present value of the estimated future decommissioning liabilities at June 30, 2016 (2015 – 0.83%).

10. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2014	22,179,706	$6,405,065
Share issuance – common shares	19,016,668	1,141,000
Share issuance costs	–	(53,812)
Balance, June 30, 2015 and 2016	**41,196,374**	**$7,492,253**

On May 27, 2015, the Corporation completed a private placement for 19,016,668 common shares at a price of $0.06 per common share for gross proceeds of $1,141,000. The Corporation incurred $53,812 in commissions and legal fees related to the closing of this placement.

10. Share capital (continued):

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 4,119,637 (June 30, 2015 – 4,119,637) common shares. The details of this plan are as follows:

	June 30, 2016		June 30, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	1,766,666	$0.20	2,208,333	$0.22
Granted	1,500,000	$0.10	–	–
Expired	–	–	(441,667)	$0.30
Options outstanding, end of year	**3,266,666**	**$0.15**	**1,766,666**	**$0.20**
Exercisable, end of year	**2,766,666**	**$0.16**	**1,766,666**	**$0.20**

The following table summarizes information about stock options outstanding at June 30, 2016:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	0.44 years	$0.30
$0.10	600,000	2.47 years	$0.10
$0.10	300,000	2.67 years	$0.10
$0.10	1,500,000	4.10 years	$0.10
	3,266,666	**2.70 years**	**$0.15**

The following table summarizes information about stock options outstanding and exercisable at June 30, 2016:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	0.44 years	$0.30
$0.10	600,000	2.47 years	$0.10
$0.10	300,000	2.67 years	$0.10
$0.10	1,000,000	4.10 years	$0.10
	2,766,666	**2.44 years**	**$0.16**

10. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable at June 30, 2015:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	1.44 years	$0.30
$0.10	600,000	3.47 years	$0.10
$0.10	300,000	3.67 years	$0.10
	1,766,666	**2.51 years**	**$0.20**

For the year ended June 30, 2016, the Corporation recorded stock based compensation expense of $51,669 (2015 - $14,173). 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:

	2016
Risk-free interest rate	0.72%
Expected life of options	5 years
Expected volatility	137.69%
Forfeiture rate	0.00%
Dividend per option	0.0042
Weighted average fair value per option	$0.04

11. Other investment revenue:

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

June 30,	**2016**	**2015**
Financial guarantee fees	$ –	$125,000
Loan processing fee	1,500	5,000
Financial support fees	$47,500	–
	$49,000	**$130,000**

For the year ended June 30, 2015, the Corporation issued a financial guarantee in relation to a specific private placement financing for a company in which the Corporation would provide a back stop to the orders. As a result of this guarantee the Corporation received a fee in the amount of $125,000. Since June 30, 2015 the Corporation has received its fee in full.

12. Finance costs:

The Corporation's finance costs consist of the following:

June 30,	**2016**	**2015**
Bank fees	$1,791	$2,239
Interest expenses	226	187
Finance costs	**$2,017**	**$2,426**

13. Oil and natural gas revenues and expenses:

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

June 30,	**2016**	**2015**
Net revenue from oil and natural gas properties:		
Oil and natural gas revenue	$52,889	$110,039
Gain on sale of property, plant and equipment (note 7)	–	25,259
Oil and natural gas revenue	52,889	135,598
Less royalties	234	(2,986)
Net revenue from oil and natural gas properties	**$53,123**	**$132,312**
Oil and natural gas expenses:		
Accretion	1,734	3,237
Depletion	1,701	13,082
Revision of estimates in decommissioning liabilities	63,631	13,681
Field operating costs	88,159	120,505
Impairment of property, plant and equipment (note 7)	141,104	17,325
Oil and natural gas expenses	**$296,329**	**$167,830**

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 basic and diluted loss per share are as follows:

June 30,	**2016**	**2015**
Weighted average shares outstanding, basic and diluted	41,196,374	23,951,122

15. Income taxes:

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	June 30, 2016	**June 30, 2015**
Income (loss) from continuing operations	(1,226,096)	$(44,940)
Expected income tax recovery at 27.00% (2015 – 25.00%)	(331,046)	(11,235)
Non-taxable portion of capital loss (gain)	159,064	(57,592)
Dividends received	(20)	(3,014)
Stock based compensation	13,951	3,543
Share issuance cost	–	(13,453)
Effect of change in tax rate and other items	(50,215)	(160,079)
Change in deferred tax assets not recognized	208,266	241,830
Total income taxes (recovery)	$ –	$ –

15. Income taxes (continued):

The components of the Corporation's unrecognized deductible temporary differences are as follows:

	June 30, 2016	June 30, 2015
Petroleum and natural gas properties	149,848	20,026
Non-capital losses available for future periods	4,273,246	4,014,668
Net capital losses available for future periods	382,832	–
Share issuance costs	32,287	43,407
Foreign tax pools	65,034	72,260
	$4,903,247	$4,150,361

A deferred tax asset has not been recognized as it is not probable that the assets will be realized.

As at June 30, 2016, the Corporation has for tax purposes, non-capital losses available to carry forward to future years totaling approximately $4,273,246 (2015 - $4,054,107). In addition, the Corporation has capital losses available to carry forward to future years totaling approximately $1,170,574 (2015 - $36,942).

The net operating loss carry-forwards reflected above expire as follows (capital losses do not expire):

Year of Expiry	Total
2036	348,214
2035	382,694
2034	561,185
2033	1,071,015
2032	272,478
2031	702,801
2030	238,668
2029	67,973
2028	628,218
Total	**$4,273,246**

16. 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 year ended June 30, 2016, the Corporation incurred consulting fees of $215,250 (2015 – $231,300), and directors fees of $26,731 (2015 - $17,500), 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 loss. The Corporation also incurred $56,255 (2015 - $11,083) in stock based compensation for options issued to key management. At June 30, 2016, no consulting fees remained outstanding (2015 – $Nil) and $6,250 directors fees remained outstanding (2015 - $3,938).

16. Key management compensation and related party transactions (continued):

For the year ended June 30, 2015, the Corporation incurred directors fees of $9,891, paid to companies which are controlled by former key management of the Corporation, which are included in general and administrative on the consolidated statement of comprehensive loss. The Corporation also incurred $3,090 in stock based compensation for options issued to former key management. At June 30, 2015, no former directors fees remained outstanding.

b.) Related party transactions (not mentioned elsewhere in the financial statements)

During the year ended June 30, 2016, the Corporation incurred legal costs of $10,328 (2015 - $50,411) 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, $761 was included in trade and other payables at June 30, 2016 (2015 - $2,013).

For the year ended June 30, 2016, the Corporation owns common shares in a certain publicly traded companies that have a common director with a total fair value of $421,543. The investments were entered into under the same terms as other non-related investments.

17. Financial instruments:

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

June 30, 2016			
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$64,594	$ –
Trade and other receivables	–	21,615	–
Investments at fair value – Equity	2,346,153	–	–
Investments at fair value – Short term loans	1,193,329	–	–
Trade and other payables	–	–	(165,174)
Dividends declared	–	–	(43,256)
	$3,539,482	**$86,209**	**$(208,430)**

June 30, 2015			
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$554,656	$ –
Trade and other receivables	–	117,418	–
Due from investments to be settled	–	98,892	–
Investments at fair value – Equity	1,941,737	–	–
Investments at fair value – Short term loans	–	1,940,063	–
Long term investments	–	300,937	–
Trade and other payables	–	–	(139,552)
Dividends declared	–	–	(28,837)
Due on investments to be settled	–	–	(144,800)
	$1,941,737	**$3,011,966**	**$(313,189)**

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

18. 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 on its cash and cash equivalents, trade and other receivables, short term loans at fair value 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 June 30, 2016, the Corporation's trade and other receivables of $21,615 (2015 - $117,418) consisted of $1,835 (2015 - $4,322) due from petroleum marketers, $5,260 (2015 - $19,249) due from joint venture partners, $6,250 due on financial guarantee contracts (2015 - $81,250), and $8,270 (2015 - $12,597) 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 Corporation's receivable due on financial guarantee contracts are subject to credit risk. The Corporation reviews the individual creditworthiness of the contractor. This review helps to mitigate the credit risk, but the Corporation is still exposed to the risk that the contractor will not be able to pay the fees. There is no allowance recorded against these receivables.

The Corporation manages its credit risk on short term loan investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

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 June 30, 2016:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$165,174	$ –
Dividends declared	43,256	–
Total	**$208,430**	**$ –**

18. Risk Management (continued):

The following are the contractual maturities of financial liabilities as at June 30, 2015:

Financial Liabilities	< One Year	> One Year
Trade and other payables	$139,552	$ −
Dividends declared	28,837	−
Due on investments to be settled	144,800	−
Total	**$313,189**	**$ −**

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 a $123,813 (2015 - $75,062) 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.

19. Capital disclosures:

As at June 30, 2016, in the definition of capital, the Corporation includes shareholders' equity of $3,425,003 (2015 - $4,772,455). 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 exposed to externally imposed capital requirements.