Condensed Interim Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Periods ended September 30, 2016 and 2015

BLACKHAWK RESOURCE CORP.

November 29, 2016

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these financial statements. The accompanying condensed 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 condensed interim consolidated financial statements are presented in Canadian Dollars.

The accompanying condensed 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 condensed interim consolidated financial statements to the Board.

The following condensed interim consolidated financial statements are unaudited.

Signed *"David Antony"*
David Antony, CEO

Signed *"Charidy Lazorko"*
Charidy Lazorko, CFO

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statement of Financial Position

As at	September 30, 2016	June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 70,140	$ 64,594
Trade and other receivables (note 14(a))	27,888	21,615
Investments at fair value – Equity (note 4)	2,179,213	2,346,153
Investments at fair value – Short term loans (note 4)	1,122,553	1,193,329
Prepaid expenses and deposits	27,064	35,383
	3,426,858	3,661,074
Lease reclamation deposits	122,438	122,207
Property, plant and equipment (note 5)	44,509	44,509
	$ 3,593,805	**$ 3,827,790**
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables (note 14(b))	$ 144,503	$ 165,174
Dividends declared	57,675	43,256
	202,178	208,430
Decommissioning liabilities (note 6)	198,395	194,357
	400,573	402,787
Shareholders' equity		
Share capital (note 7)	7,492,253	7,492,253
Contributed surplus	846,680	845,197
Deficit	(5,145,701)	(4,912,447)
	3,193,232	3,425,003
	$ 3,593,805	**$ 3,827,790**

See accompanying notes to the condensed interim consolidated financial statements.

Approved for issuance by the Board of Directors on November 28, 2016

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss

Periods ended September 30,	**2016**	**2015**
Revenues		
Net investment gains (losses)		
Net realized gain (loss) on disposal of investments	$ 50,320	$ (79,277)
Net change in unrealized loss on investments	(154,558)	(86,503)
Interest revenue	42,455	125,005
Dividends	–	76
Other investment revenue (note 8)	–	22,500
	(61,783)	(18,199)
Net revenue from oil and gas properties (note 10)		
Oil and natural gas revenue	13,235	18,091
Less: Royalties	–	–
	13,235	18,091
	(48,548)	(108)
Expenses		
General and administrative	93,343	76,380
Professional fees	2,862	4,224
Stock based compensation (note 7(c))	1,483	44,313
Transaction costs	370	2,365
Finance costs (note 9)	236	901
Oil and natural gas expenses (note 10)	28,737	22,710
	127,031	150,893
Net loss and comprehensive loss	**$ (175,579)**	**$ (151,001)**
Net loss per share (note 11):		
Basic and diluted	$ 0.00	$ (0.01)

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Changes in Equity

As at		September 30, 2016		September 30, 2015
Share capital				
Balance, beginning of period	$	7,492,253	$	7,492,253
Balance, end of period		7,492,253		7,492,253
Contributed surplus				
Balance, beginning of period		845,197		793,528
Stock based compensation		1,483		44,313
Balance, end of period		846,680		837,841
Deficit				
Balance, beginning of period		(4,912,447)		(3,513,326)
Net income (loss) and comprehensive income (loss)		(175,579)		(151,001)
Dividend declared		(57,675)		(43,256)
Balance, end of period		(5,145,701)		(3,707,583)
Shareholders' equity	**$**	**3,193,232**	**$**	**4,622,510**

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Cash Flows

Periods ended September 30,	**2016**	**2015**
Cash provided by (used in):		
Operations:		
Net loss from continuing operations	$ (175,579)	$ (151,001)
Items not affecting cash:		
Net change in unrealized (gain) loss on investments	154,558	86,503
Unrealized foreign exchange on investments	–	(118,920)
Depletion (note 10)	–	428
Stock based compensation	1,483	44,313
Accretion (note 10)	344	432
Revision of estimates in decommissioning liabilities (note 10)	3,694	211
	(15,500)	(138,034)
Change in non-cash operating working capital:		
Trade and other receivables	(6,273)	71,672
Proceeds on disposal of investments, net of realized gain (loss)	106,239	970,547
Purchase of investments	(37,500)	(1,239,460)
Prepaid expenses and deposits	8,088	6,350
Trade and other payables	(6,252)	(14,672)
Due on investments to be settled	–	(45,908)
	48,802	**(389,505)**
Finance:		
Dividends paid	(43,256)	(23,837)
	(43,256)	**(23,837)**
Net change in cash and cash equivalents	5,546	(413,342)
Cash and cash equivalents, beginning of period	64,594	554,656
Cash and cash equivalents, end of period	**$ 70,140**	**$ 141,314**
Supplemental cash flow information:		
Interest received	$ 42,455	$ 66,928
Dividends received	–	76
Dividends paid	43,256	23,837

See accompanying notes to the condensed interim 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:

The condensed interim consolidated financial statements for the three month periods ended September 30, 2016 and 2015 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 condensed interim consolidated financial statements are presented in Canadian dollars. These condensed 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, 2016 yearend consolidated 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, 2016 yearend consolidated financial statements.

The condensed 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, 2016 yearend financial statements. These policies have been applied consistently for all periods presented in these condensed interim consolidated financial statements.

3. 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 October 1, 2016 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.

4. 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 September 30, 2016:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$60,000	$259,000	$253,350	$ –	$512,350	24%
Technology and other	1,868,860	366,054	50,808	1,250,000	1,666,863	76%
Total	**$1,928,860**	**$625,054**	**$304,158**	**$1,250,000**	**$2,179,213**	**100%**

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%**

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 $28,274 (June 30, 2016 - $28,060) change in the value of the investment.

The fair value of the common shares included in level 3 of $1,250,000 have been evaluated based on available data from the company involved. The 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.

4. 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. (a private company that has directors and officers in common) in the amount of $1,250,00 which gave the Corporation approximately 63% ownership in the company. Since the initial purchase, the private company has closed an additional private placement at $0.40 per share, diluting the Corporations ownership to 51%. These shares are unrestricted, common shares. The Corporation also entered into a loan agreement with the company for a maximum of $100,000, incurring 15% interest and due in full by December 31, 2016. As of September 30, 2016, 1053446 BC Ltd. had borrowed $50,000 on this agreement.

Short term loan investments consist of the following:

	September 30, 2016	June 30, 2016
Short term loans	$972,553	$1,043,329
Mortgage receivable	150,000	150,000
Total loan investments	**$1,122,553**	**$1,193,329**

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% (June 30, 2016 – 17%).

5. Property, plant and equipment:

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

	September 30, 2016	June 30, 2016
Oil and gas properties	$ –	$ –
Provost Area GORR	44,509	44,509
Total property, plant and equipment	**$44,509**	**$44,509**

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. 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 September 30, 2016 consisted of 2 CGUs, the Greencourt Area and the Wood River Area. These CGUs have a total cost of $518,740 and accumulated depletion and impairment of $518,740.

The Corporation assessed its oil and gas properties for impairment on June 30, 2016 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. An impairment of $117,951 was recorded in the CGUs as the carrying value exceeded their recoverable amount.

6. Decommissioning liabilities:

	September 30, 2016	June 30, 2016
Balance, beginning of period	$194,357	$205,545
Accretion	344	1,734
Decommissioning costs incurred	–	(78,348)
Revision of estimates	3,694	65,426
Balance, end of period	**$198,395**	**$194,357**

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at September 30, 2016 is approximately $207,307 (June 30, 2016 - $200,428), which is expected to be incurred over the next year to 11 years. An inflation factor of 3% per annum (June 30, 2016 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 0.66% was used to calculate the present value of the estimated future decommissioning liabilities at September 30, 2016 (June 30, 2016 – 0.68%).

7. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2015	41,196,374	$7,492,253
Balance, June 30, 2016 and September 30, 2016	**41,196,374**	**$7,492,253**

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, 2016 – 4,119,637) common shares. The details of this plan are as follows:

	September 30, 2016		June 30, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	3,266,666	$0.15	1,766,666	$0.20
Granted	–	–	1,500,000	$0.10
Options outstanding, end of period	**3,266,666**	**$0.15**	**3,266,666**	**$0.15**
Exercisable, end of period	**3,266,666**	**$0.15**	**2,766,666**	**$0.16**

7. Share capital (continued):

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

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.30	866,666	0.19 years	$0.30
$0.10	600,000	2.22 years	$0.10
$0.10	300,000	2.42 years	$0.10
$0.10	1,500,000	3.85 years	$0.10
	3,266,666	**2.45 years**	**$0.15**

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**

For the period ended September 30, 2016, the Corporation recorded stock based compensation expense of $1,483 (2015 - $44,313). 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:

	2015 and 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

8. Other investment revenue:

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

September 30,	2016	2015
Financial support fees	$ –	$22,500
	$ –	**$22,500**

9. Finance costs:

The Corporation's finance costs consist of the following:

September 30,	2016	2015
Bank fees	$202	$890
Interest expenses	34	11
Finance costs	**$236**	**$901**

10. Oil and natural gas revenues and expenses:

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

September 30,	2016	2015
Net revenue from oil and natural gas properties:		
Oil and natural gas revenue	$13,235	$18,091
Less royalties	–	–
Net revenue from oil and natural gas properties	**$13,235**	**$18,091**
Oil and natural gas expenses:		
Accretion	344	432
Depletion	–	428
Revision of estimates in decommissioning liabilities	3,694	211
Field operating costs	24,699	21,639
Oil and natural gas expenses	**$28,737**	**$22,710**

11. 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 income (loss) per share are as follows:

September 30,	2016	2015
Weighted average shares outstanding, basic and diluted	41,196,374	41,196,374

12. 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 period ended September 30, 2016, the Corporation incurred consulting fees of $52,500 (2015 – $52,500), and directors fees of $6,250 (2015 - $7,981), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative on the consolidated statement of comprehensive income (loss). The Corporation also incurred $1,384 (2015 - $41,359) in stock based compensation for options issued to key management. At September 30, 2016, no consulting fees remained outstanding (2015 – $Nil) and $6,250 directors fees remained outstanding (2015 - $5,543).

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

During the period ended September 30, 2016, the Corporation incurred legal costs of $558 (2015 - $1,914) 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 was included in trade and other payables at September 30, 2016 (2015 - $715).

13. Financial instruments:

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

September 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	$ –	$70,140	$ –
Trade and other receivables	–	27,888	–
Investments at fair value – Equity	2,179,213	–	–
Investments at fair value – Short term loans	1,122,553	–	–
Trade and other payables	–	–	(144,503)
Dividends declared	–	–	(57,675)
	$3,301,766	**$98,028**	**$(202,178)**

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)**

The carrying value of the Corporation's financial instruments, excluding investments at fair value (note 4), approximate their fair value due to the short term nature of these instruments.

14. 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 September 30, 2016, the Corporation's trade and other receivables of $27,888 (June 30, 2016 - $21,615) consisted of $3,642 (June 30, 2016 - $1,835) due from petroleum marketers, $4,645 (June 30, 2016 - $5,260) due from joint venture partners, $6,250 due on financial guarantee contracts (June 30, 2016 - $6,250), and $13,351 (June 30, 2016 - $8,270) 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 September 30, 2016:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$144,503	$ –
Dividends declared	57,675	–
Total	**$202,178**	**$ –**

14. Risk Management (continued):

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	**$208,430**	**$ –**

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 $31,253 (June 30, 2016 - $123,813) 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.

15. Capital disclosures:

As at September 30, 2016, in the definition of capital, the Corporation includes shareholders' equity of $3,193,232 (June 30, 2016 - $3,425,003). 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.