AAN Ventures Inc.

Consolidated Financial Statements

For the Year Ended September 30, 2014

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AAN Ventures Inc.

We have audited the accompanying consolidated financial statements of AAN Ventures Inc., which comprise the consolidated statements of financial position as at September 30, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 that 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 financial position of AAN Ventures Inc. as at September 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about AAN Ventures Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
January 23, 2015

AAN Ventures Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note		September 30, 2014		September 30, 2013
ASSETS					
Current assets					
Cash		$	83,043	$	197,083
Receivables	4		3,392		745
Due from related party	6		5,000		-
TOTAL ASSETS		**$**	**91,435**	**$**	**197,828**
LIABILITIES					
Current liabilities					
Accounts payable		$	8,682	$	2,690
Accrued liabilities			8,000		8,000
Due to related party	6		-		27,200
TOTAL LIABILITIES			**16,682**		**37,890**
SHAREHOLDERS' EQUITY					
Share capital	5		23,109,240		23,109,240
Subscriptions receivable	5		-		(30,000)
Reserves	5		6,374,746		6,372,363
Deficit			(29,409,233)		(29,291,665)
TOTAL EQUITY			**74,753**		**159,938**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**91,435**	**$**	**197,828**

Nature and continuance of operations (Note 1)
Subsequent event (Note 10)

APPROVED BY THE DIRECTORS ON JANUARY 23, 2015:

"Lewis Dillman"	***"Tom Kennedy"***
Director	Director

See accompanying notes to the consolidated financial statements

AAN Ventures Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		For the Years Ending	
	Note	**September 30, 2014**	**September 30, 2013**
Expenses			
Consulting	6	$ 10,000	$ -
Foreign exchange		522	-
Office and miscellaneous	6	8,606	12,612
Professional fees		9,742	10,834
Property investigation costs	7	54,348	-
Rent	6	30,500	30,000
Transfer agent and regulatory fees		15,370	15,826
		129,088	69,272
Other items			
Other income		11,520	-
Comprehensive loss		**$ (117,568)**	**$ (69,272)**
Basic and diluted loss per share		**$ -**	**$ -**
Weighted average shares outstanding – basic and diluted		**36,753,079**	**18,616,094**

See accompanying notes to the consolidated financial statements

AAN Ventures Inc.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital			Reserves			
	Note	Number of shares	Amount	Subscriptions receivable	Share based payment reserve	Foreign currency translation reserve	Deficit	Total
Balance, September 30, 2012		**16,753,079**	**$ 22,809,240**	**$ -**	**$ 6,372,363**	**$ -**	**$ (29,222,393)**	**$ (40,790)**
Shares issued for cash	5	20,000,000	300,000	-	-	-	-	300,000
Subscriptions receivable	5	-	-	(30,000)	-	-	-	(30,000)
Net loss		-	-	-	-	-	(69,272)	(69,272)
Balance, September 30, 2013		**36,753,079**	**23,109,240**	**(30,000)**	**6,372,363**	**-**	**(29,291,665)**	**159,938**
Subscriptions receivable	5	-	-	30,000	-	-	-	30,000
Translation gain		-	-	-	-	2,383	-	2,383
Net loss		-	-	-	-	-	(117,568)	(117,568)
Balance, September 30, 2014		**36,753,079**	**$ 23,109,240**	**$ -**	**$ 6,372,363**	**$ 2,383**	**$ (29,409,233)**	**$ 74,753**

See accompanying notes to the consolidated financial statements

AAN Ventures Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Years Ending	
	September 30, 2014	**September 30, 2013**
Operating activities		
Net loss	$ (117,568)	$ (69,272)
Changes in non-cash working capital items:		
Receivables	(2,647)	9,337
Accounts payable	5,992	253
Accrued liabilities	-	160
Due to related party	(32,200)	(60,000)
Net cash flows used in operating activities	(146,423)	(119,522)
Financing activities		
Proceeds from share subscriptions	30,000	270,000
Net cash flows provided by financing activities	30,000	270,000
Effect of foreign exchange	2,383	-
Change in cash	(114,040)	150,478
Cash , beginning	197,083	46,605
Cash, ending	**$ 83,043**	**$ 197,083**

See accompanying notes to the consolidated financial statements

1. Nature and continuance of operations

AAN Ventures Inc. was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. The Company is in the business of acquiring and exploring oil and gas properties in Canada. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian Securities Exchange (the "CSE") under the symbol "ANN".

The head office, principal address and records office of the Company are located at 8338 – 120th Street, Surrey, British Columbia, Canada, V3W 3N4.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2014, the Company is not able to finance day to day activities through operations.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

Management intends to finance operating costs with loans from directors and companies controlled by directors and or the private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Statement of compliance and basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ona Power Oil and Gas Corp. ("Ona"), which is incorporated in Delaware, USA. All intercompany balances and transactions between the Company and its subsidiary have been eliminated on consolidation.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

3. Significant accounting policies (continued)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Ona is the US dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. Significant accounting policies (continued)

Exploration and evaluation assets (continued)

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include determining the fair value measurements for financial instruments, the fair value of stock based compensation and the recovery of deferred income taxes.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiary.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss ("FVTPL") - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost using the effective interest method less any provision for impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Sales tax recoverable and notes receivable are designated as loan and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company designates its marketable securities as available-for-sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company has the following non-derivative financial liabilities: due from related parties, accounts payable and amounts due to related parties. Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. The Company does not have any derivative financial assets and liabilities.

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after October 1, 2014 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position: IFRS 9 Financial Instruments (new; to replace IAS 39 and IFRIC 9); and Amendments to IAS 32 Financial Instruments: Presentation.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. Receivables

	2014	2013
	$	$
GST	1,762	745
Other	2,130	-
	$ 3,392	$ 745

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Private placements

On August 27, 2013 the Company closed a non-brokered private placement of 20,000,000 shares at a price of $0.015 per share for gross proceeds of $300,000. $30,000 of the subscriptions was received during the year ended September 30, 2014.

Stock options

The Company has adopted a stock option plan whereby the Company may from time to grant to directors, officers, employees and consultants options to purchase common shares of the Company provided that the number of options granted, including all options granted by the Company to date, does not exceed 10% of the Company's common shares issued and outstanding at the time of granting stock options. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company did not grant or cancel any options, nor did any expire, during the years ended September 30, 2014 and 2013.

As at September 30, 2014 and 2013, there were 241,667 options outstanding with an exercise price of $0.30 and a remaining life of 1.25 years (2013-2.25 years) respectively.

Share Purchase Warrants

The Company did not issue or cancel any warrants, nor did any expire, during the years ended September 30, 2014 and 2013.

As at September 30, 2014 and 2013, there were 2,666,666 warrants outstanding with an exercise price and remaining life of $0.05 and 0.5 years (2013-1.5 years) respectively.

Reserves

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

(Expressed in Canadian Dollars)

6. Related party transactions

Related party balances

As at September 30, 2014, $5,000 (2013 - $Nil) was owing from a relative of the Chief Executive Officer ("CEO") of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at September 30, 2013, $Nil (2013 - $27,200) was owing to a relative of the CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

Related party transactions

The Company incurred the following transactions with related parties

		2014		2013
Rent	$	30,500	$	30,000
Office		7,637		-
	$	38,137	$	30,000

Key management personnel compensation

During the year ended September 30, 2014, the Company incurred $10,000 (2013 - $Nil) in management fees to a director of the Company and $2,460 (2013 - $1,950) for accounting services to a company controlled by the Chief Financial Officer.

7. Property Investigation Costs

During the year ended September 30, 2014, the Company entered into a joint venture agreement with Keblo Energy, LLC ("Keblo") whereby the Company will acquire a 50% working interest and a 42.5% net revenue interest in a permit for an oil and gas well located in Tennessee, USA by paying US$50,169. Based on preliminary drilling results, management has decided not to pursue the project and the cost has been recorded as property investigation costs.

8. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		2014		2013
Net loss	$	(117,568)	$	(69,272)
Statutory tax rate		26%		25%
Expected income tax recovery		(30,568)		(17,318)
Effect of change in tax rates		(4,297)		-
Expired losses carry forward		46,282		
Change in valuation allowance		(11,417)		17,318
Income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

		2014		2013
Non-capital losses carry-forward	$	1,222,262	$	1,251,546
Capital losses carry-forward		1,855,342		1,855,342
Mineral properties		144,489		126,622
Cumulative eligible capital		66,786		66,786
Equipment		261		261
Others		106,154		106,154
Less: Valuation allowance		(3,395,294)		(3,406,711)
Net deferred income tax assets	$	-	$	-

(Expressed in Canadian Dollars)

8. Income Taxes

As at September 30, 2014, the Company's has $4,904,718 in non-capital losses which expire as follows:

Year		Amount
2015	$	145,848
2026		610,913
2027		677,234
2028		1,352,301
2029		1,203,313
2030		571,354
2031		73,625
2032		124,322
2033		69,272
2034		76,536
Total	$	4,904,718

9. Financial instruments and risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality of financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable, which is due from the Government of Canada. The risk is determined to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's is exposed to is not exposed to interest rate risk

(Expressed in Canadian Dollars)

9. Financial instruments and risk management

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working and share capital.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		2014		2013
Cash	$	83,043	$	197,083
Other receivable		2,130		-
Due from related party		5,000		-
	$	90,173	$	-

Financial liabilities included in the statement of financial position are as follows:

		2014		2013
Non-derivative financial liabilities:				
Accounts payable	$	8,682	$	2,690
Due to related parties		-		27,200
	$	8,682	$	37,890

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2014 and 2013:

	As at September 30, 2014					
		Level 1		Level 2		Level 3
Cash	$	83,043	$	-	$	-

	As at September 30, 2013					
Cash	$	197,083	$	-	$	-

10. Subsequent event

On December 8, 2014, the Company entered into a loan agreement with Keblo whereby the Company advanced US$20,000 to Keblo. Keblo will repay the Company US$1,000 per month starting June 8, 2014 until the amount is repaid and the Company will receive a 26% net working interest in Keblo's two oil and gas wells located in Pickett County, Tenessee, USA.