MOONCOR OIL & GAS CORP.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

June 30, 2016

MOONCOR OIL & GAS CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2016 AND DECEMBER 31, 2015
(Unaudited - expressed in Canadian dollars)

	Note	June 30, 2016	December 31, 2015
ASSETS			
Current Assets:			
Cash		$ -	$ 19,499
Investments	4	-	99,000
Sundry receivables		47,347	63,889
Prepaid expenses		1,123	4,880
Total current assets		48,470	187,268
Non-current assets:			
Exploration and evaluation assets	5	515,692	515,692
Deposits	10	477,304	481,919
Total non-current assets		992,996	997,611
Total assets		$ 1,041,466	$ 1,184,879
LIABILITIES			
Current liabilities:			
Bank indebtedness		$ 1,147	$ -
Accounts payable and accrued liabilities	8	1,116,705	1,079,554
Total current liabilities		1,117,852	1,079,554
Long term liabilities:			
Reclamation and decommissioning obligation	7	116,304	117,665
Total long term liabilities:		116,304	117,665
Total liabilities		1,234,156	1,197,219
SHAREHOLDERS' DEFICIENCY			
Capital stock	6	20,393,363	20,175,578
Contributed surplus	6	1,897,322	1,897,322
Warrants	6	234,530	452,315
Foreign currency translation reserve		25	(7,150)
Deficit		(22,717,930)	(22,530,405)
Total shareholders' deficiency		(192,690)	(12,340)
Total liabilities and shareholders' deficiency		$ 1,041,466	$ 1,184,879
Nature and continuance of operations	1		
Commitments and contingencies	5,10		

See accompanying notes to the interim condensed consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended June 30, 2016	Three months ended June 30, 2015 (Restated Note 3))	Six months ended June 30, 2016	Six months ended June 30, 2015 (Restated Note 3)
Expenses					
Professional fees and disbursements		$ 9,712	$ 50,124	$ 24,180	$ 59,643
Exploration expenses	12	9,753	40,185	12,275	73,512
Office and general	13	45,248	52,708	100,547	94,390
Travel		-	-	-	3,766
Insurance		11,723	7,461	22,975	14,929
Total expenses		$ 76,436	$ 150,478	$ 159,977	$ 246,240
Loss before undernoted		**(76,436)**	**(150,478)**	**(159,977)**	**(246,240)**
Excess of fair value over net assets acquired	11	-	-	-	15,996
Loss on foreign exchange		(273)	656	(2,076)	(42)
Net change in unrealized loss on investments		(3,440)	-	(27,000)	-
Net realized (loss)/gain on sale of investments	4	(4,017)	-	1,528	(20,837)
Net loss for the period		**(84,166)**	**(149,822)**	**(187,525)**	**(251,123)**
Other comprehensive income					
Exchange differences on translation of foreign operations		805	243	7,175	243
Total comprehensive loss for the period		**$ (83,361)**	**$ (149,579)**	**$ (180,350)**	**$ (250,880)**
Weighted average shares outstanding - basic and diluted	6	167,536,185	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	6	$ (0.000)	$ (0.001)	$ (0.001)	$ (0.001)

See accompanying notes to the interim condensed consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIENCY)/EQUITY
FOR THE SIX MONTHS ENDED JUNE, 2016 AND 2015
(Unaudited - expressed in Canadian dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Warrants	Foreign currency translation reserve	Deficit	Total Equity/(Deficiency)
Balance at December 31, 2014	167,536,185	$ 20,175,578	$ 1,897,322	$ 452,315	$ -	$ (22,030,313)	$ 494,902
Net loss for the period - (Restated Note 3)	-	-	-	-	-	(251,123)	(251,123)
Exchange differences on translation of foreign operations	-	-	-	-	243	-	243
Balance at June 30, 2015 - (Restated Note 3)	167,536,185	$ 20,175,578	$ 1,897,322	$ 452,315	$ 243	$ (22,281,436)	$ 244,022
Balance at December 31, 2015	167,536,185	$ 20,175,578	$ 1,897,322	$ 452,315	$ (7,150)	$ (22,530,405)	$ (12,340)
Net loss for the period	-	-	-	-		(187,525)	(187,525)
Expired warrants transferred to capital stock	-	217,785	-	(217,785)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	7,175	-	7,175
Balance at June 30, 2016	167,536,185	$ 20,393,363	$ 1,897,322	$ 234,530	$ 25	$ (22,717,930)	$ (192,690)

See accompanying notes to the interim condensed consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(Unaudited - expressed in Canadian dollars)

	Six months ended June 30,	
	2016	**2015**
		(Restated Note 3)
Cash flows used in operating activities		
Net loss for the period	$ (187,525)	$ (251,123)
Net realized gain on sale of investments	(1,528)	20,837
Excess of fair value over net assets acquired	-	15,996
Net change in unrealized loss on investments	27,000	-
Accretion of reclamation and decommissioning obligation	(1,361)	909
	(163,414)	(213,381)
Changes in non-cash working capital balances		
Sundry receivables	16,542	11,474
Prepaid expenses	3,757	(36,193)
Deposits	-	(375)
Accounts payable and accrued liabilities	37,151	17,452
Cash flows used in operations	(105,964)	(221,023)
Cash flows from investing activities		
Proceeds on sale of investments	73,528	54,515
Deposits	4,615	-
Cash flows from investing activities	78,143	54,515
Net decrease in cash	(27,821)	(166,508)
Effect of changes in foregin exchange rate	7,175	243
Cash, beginning of period	19,499	322,648
Cash/(bank indebtedness), end of period	$ (1,147)	$ 156,383

See accompanying notes to the interim condensed consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Mooncor Oil & Gas Corp. (the "Company" or "Mooncor") is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and natural gas interests which are not yet in commercial production. The Company is also in the process of exploring other opportunities. The Company is domiciled in the province of Ontario and its head office is located at 2455 Cawthra Road, Unit 75, Mississauga, Ontario, Canada.

The Company is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol "MOO". These interim condensed consolidated financial statements ("interim consolidated statements) include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, DRGN Energy Inc. ("DRGN"), an Ontario Corporation, Primary Petroleum Company U.S. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company ("APLLC"), a Montana, USA Corporation.

The interim consolidated statements were approved for issue by the Board of Directors on August 30, 2016.

These interim consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of $187,525 for the six months ended June 30, 2016 (six months ended June 30, 2015 - $251,123), has a working capital deficiency in the amount of $1,069,382 and has a deficit in the amount of $22,717,930 as at June 30, 2016. The Company is in the exploration stage and is subject to various risks and challenges including but not limited to, dependence on key individuals, successful exploration and ability to secure adequate financing to meet the minimum capital required to successfully complete its projects, political risk relating to maintaining property licenses in good standing and continuing as a going concern. Management estimates that the funds available as at June 30, 2016 will not be sufficient to meet the Company's potential capital and operating expenditures through June 30, 2017. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration, development or operation of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, social licensing requirements, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The challenges of securing requisite funding, operating with a working capital deficiency, bank indebtedness and expected future operating losses represent material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. These interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These interim consolidated statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting Standard issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These interim consolidated statements for the three month periods ended June 30, 2016 and 2015 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2015 which were prepared in accordance with IFRS.

Changes in Accounting Policies

These interim consolidated statements follow the same accounting policies and methods of computation as those described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2015, except as follows:

(a) IAS 1, *Presentation of Financial Statements* ("IAS 1") - On January 1, 2016, the Company implemented certain amendments to IAS 1, which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(b) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") - the Company implemented certain amendments to IFRS 10 and IAS 28 on January 1, 2016. These amendments relate to the sale or contribution of assets between an investor and its associate or joint venture and require the recognition of a full gain or loss when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The implementation of amendments to IFRS 10 and IAS 28 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(c) IFRS 11, *Joint Arrangements* ("IFRS 11") - Amendments to IFRS 11 address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business and requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, *Business Combinations*. The Company implemented the amendments to IFRS 11 effective January 1, 2016. The implementation of amendments to IFRS 11 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(d) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") - On January 1, 2016, the Company implemented amendments to IAS 16 and IAS 38, which eliminated the use of a revenue-based depreciation method for items of property, plant and equipment and eliminated the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

Future accounting pronouncements

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2015, are described in Note 3 to the annual consolidated financial statements as at and for the year ended December 31, 2015. There have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2015 that are expected to have a material effect on the Company's interim consolidated statements.

Basis of measurement

The interim consolidated statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The interim consolidated statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

Basis of consolidation

These interim consolidated statements include the accounts of Mooncor Oil & Gas Corp. and its wholly owned subsidiaries Mooncor Energy, DRGN, PPCUSA, PPCLLC and APLLC (collectively referred to as the "Company" or "Mooncor"). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The interim consolidated statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Significant accounting judgments, estimates and assumptions

The preparation of interim consolidated statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated statements and reported amounts of revenue and expenses during the reporting periods. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the interim consolidated statements is as follows:

- Assets' carrying values and impairment charge

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Impairment of exploration and evaluation assets

  While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which oil and gas property interests are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's oil and gas property interests, costs to sell the properties and the appropriate discount rate. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, and reductions in the amount of recoverable oil reserves or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

  The cost estimates are updated annually during the life of an oil well to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the oil well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Fair value of issued warrants and options

  The Company uses the Black-Scholes option pricing model to determine the fair value of warrants issued upon private placement financings in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve conservable judgment and are or could be affected by significant factors that are out of the Company's control.

- Income, value added, withholding and other taxes

  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

3. RESTATEMENT OF PRIOR PERIOD

During the fourth quarter of 2015 and included in the Company's consolidated financial statements as at and for the year ended December 31, 2015, the Company finalized its accounting for the acquisition of Primary Petroleum Company USA Inc. ("Primary"), see Note 11. The Company determined that the acquisition of Primary resulted in an excess of fair value of net assets acquired over purchase price of $15,996. Previously, for the six months ended June 30, 2015, the Company reported an excess of fair value of net assets acquired over purchase price of $70,763. The Company also determined that exploration costs of Primary be expensed. Previously, for the six months ended June 30, 2015, the Company capitalized the exploration costs relating to Primary.

The effects of the restatement on the consolidated statement of loss are summarized below.

For three months ended June 30, 2015:

	Previously reported	Adjustments	Restated
EXPENSES			
Professional fees and disbursements	$ 50,124	$ -	$ 50,124
Exploration expenses	18,694	21,491	40,185
Office and general	52,708	-	52,708
Travel	-	-	-
Insurance	7,461	-	7,461
Total expenses	$ 128,987	$ 21,491	$ 150,478
	-	-	-
Loss before undernoted	**(128,987)**	**(21,491)**	**(150,478)**
Excess of fair value over net assets acquired	73,985	(73,985)	-
Gain on foreign exchange	656	-	656
Net realized loss on sale of investments	-	-	-
Net loss for the period	**$ (54,346)**	**$ (95,476)**	**$ (149,822)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	$ (0.000)	$ (0.001)	$ (0.001)

For six months ended June 30, 2015:

	Previously reported	Adjustments	Restated
EXPENSES			
Professional fees and disbursements	$ 59,643	$ -	$ 59,643
Exploration expenses	21,562	51,950	73,512
Office and general	94,390	-	94,390
Travel	3,766	-	3,766
Insurance	14,929	-	14,929
Total expenses	$ 194,290	$ 51,950	$ 246,240
Loss before undernoted	**(194,290)**	**(51,950)**	**(246,240)**
Excess of fair value over net assets acquired	70,763	(54,767)	15,996
Gain on foreign exchange	(42)	-	(42)
Net realized loss on sale of investments	(20,837)	-	(20,837)
Net loss for the period	**$ (144,406)**	**$ (106,717)**	**$ (251,123)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	$ (0.001)	$ (0.001)	$ (0.001)

The effects of the restatement on the consolidated statement of cash flows for the six months ended June 30, 2015 are summarized below.

	Previously reported	Adjustments	Restated
Cash flows used in operating activities			
Net loss for the period	$ (144,406)	$ (106,717)	$ (251,123)
Net realized loss on sale of investments	20,837	-	20,837
Excess of fair value over net assets acquired	(70,763)	86,759	15,996
Accretion of reclamation and decommissioning obligation	909	-	909
	(193,423)	(19,958)	(213,381)
Changes in non-cash working capital balances			
Sundry receivables	11,474	-	11,474
Prepaid expenses	(36,193)	-	(36,193)
Deposits	(375)	-	(375)
Accounts payable and accrued liabilities	47,560	(30,108)	17,452
Cash flows used in operations	(170,957)	(50,066)	(221,023)
Cash flows from investing activities			
Proceeds on sale of investments	54,515	-	54,515
Cash acquired on reverse acquisition	1,884	(1,884)	-
Expenditures on exploration and evaluation assets	(51,950)	51,950	-
Cash flows from investing activities	4,449	50,066	54,515
Net decrease in cash	(166,508)	-	(166,508)
Exchange rate changes	243	-	243
Cash, beginning of period	322,648	-	322,648
Cash, end of period	$ 156,383	$ -	$ 156,383

4. INVESTMENTS

At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements. 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:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) 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).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(a) Investment in Pinetree Capital Ltd.:

On April 1, 2014, pursuant to the terms of the securities purchase agreement (i) Pinetree Capital Ltd. ("Pinetree"), a publicly-traded investment company (TSX:"PNP"), subscribed for 10,000,000 units of the Company at a price of $0.05 per unit comprised of one common share and one common share purchase warrant. Each purchase warrant entitled Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of $0.61 per share based on the quoted price of Pinetree shares on the purchase date. A director of the Company was an officer of Pinetree.

During the year ended December 31, 2014, the Company sold 300,000 Pinetree shares for proceeds of $60,220 resulting in a loss on disposal of the investment of $122,780 which has been reflected in the consolidated statement of loss. On December 31, 2014 the Company valued the remaining 519,672 Pinetree shares at the closing market price on December 31, 2014 resulting in a fair value of the investment in Pinetree of $75,352.

During the six months ended June 30, 2015 the Company sold the remaining 519,672 Pinetree shares for proceeds of $54,515 resulting in a net investment loss on disposal of the shares of $20,837 which has been reflected in the consolidated statement of comprehensive loss and comprehensive loss for the six months ended June 30, 2015.

(b) Investment in Keek Inc.:

During the year ended December 31, 2015, Keek Inc., a publicly-traded online social media app developer (TSXV: "KEK") issued 300,000 common shares of Keek Inc. to the Company as settlement of the amount owed to the Company for certain payables assumed by the Company related to Keek expenditures prior to the acquisition (see Note 11). These shares were valued at, $72,000 based on the quoted market price at the time of receipt. As at December 31, 2015, the fair value of the investment in Keek Inc. was $99,000.

During the six months ended June 30, 2016, the Company sold all the Keek shares for net proceeds of $73,528 resulting in a net realized gain on disposal of investments of $1,528 and a net change in unrealized loss on investments of $27,000 which have been reflected in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2016.

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as at June 30, 2016 and December 31, 2015 consist of:

		Alberta (a)
Balance, December 31, 2014	**$**	**505,000**
Reclamation and decommissioning obligation		10,692
Balance, June 30, 2016 and December 31, 2015	**$**	**515,692**

(a) <u>Oil and Natural Gas Interests (Lloydminster (Alberta))</u>

In 2008, the Company acquired two suspended heavy oil wells and leases and related petroleum and natural gas rights in the Lloydminster area of Alberta for cash proceeds of $400,000.

The Company's interest in the first lease is a 60% working interest subject to:

a. an obligation to pay a 60% share of the variable Crown royalties;

b. a 60% share of a 1% Gross Overriding Royalty ("GORR") payable to the party; and

c. a 3% GORR on the 60% share of production.

The Company's interest in the second lease is a 100% working interest declining to 60% after recoupment of the payout account of approximately $485,000 associated with the well on the lease. This lease is subject to:

a. a 60% share of the Crown royalty;

b. a 60% share (36% after payout) of a 1% GORR payable on oil production;

c. a 5% to 15% variable convertible GORR payable in respect of oil production;

d. a 15% convertible GORR payable in respect of gas production; and

e. a 3% GORR payable on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest once payout has been achieved.

The leases include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

(b) Oil and Natural Gas Interests (Montana (USA))

On January 27, 2015, the Company acquired oil and gas leases (the "Leases") and related data in the Pondera and Teton Counties in Northwestern Montana USA (the "Property") through the acquisition of Primary Petroleum Company (USA) Inc. (see Note 11).

The acquisition relates to undeveloped leasehold mineral rights. The Property consists of a working interest in freehold and state petroleum and natural gas rights (surface to basement) expiring from 2016 to 2023. Mooncor will be the operator of the working interests.

Mooncor's working interest will be 70% of the Property except for the spacing drilled by a major U.S. based industry partner (the "JV Partner") in which case Mooncor's working interest will be 30%. As consideration for the Property, the vendor is entitled to a 1% gross overriding royalty. See Note 11.

6. SHAREHOLDERS' EQUITY

Capital Stock

As at June 30, 2016 and December 31, 2015, the authorized share capital comprised an unlimited number of common shares with no par value.

Warrants

Details of warrant transactions for the six months ended June 30, 2016 are as follows:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2013	**11,448,492**	**$**	**41,100**	**$**	**0.10**
Warrants issued April 1, 2014	10,000,000		219,876		0.10
Warrants issued October 15, 2014	7,601,665		196,613		0.10
Warrants issue costs	-		(5,274)		
Balance, December 31, 2015	**29,050,157**	**$**	**452,315**	**$**	**0.10**
Expiry of warrants - April 1, 2016	(10,000,000)		(217,785)		0.10
Balance, June 30, 2016	**19,050,157**	**$**	**234,530**	**$**	**0.10**

The following table summarizes information about warrants outstanding as at June 30, 2016:

Issue date	# of warrants	Expiry date		Exercise price		Estimated fair value on issue date
13-Jun-13	11,448,492	13-Jun-18	$	0.10	$	41,100
1-Oct-14	7,601,665	1-Oct-16		0.10		193,430
	19,050,157		**$**	**0.10**	**$**	**234,530**

Stock options

On July 26, 2011, the shareholders of the Company approved a stock option plan (the "Plan") to enable directors, officers, employees and consultants of the Company to purchase common shares. All options granted to optionees performing Investor Relations activities shall vest and become fully exercisable ¼ three months from the date of grant, ¼ six months from the date of grant, ¼ nine months from the date of grant and the final ¼ nine months from the date of grant. All options granted under the Plan shall expire no later than at the close of business ten years from the date of grant. The Plan provides that the number of common shares reserved for issuance upon exercise of options granted shall not exceed 10% of total issued and outstanding shares of the Company. No material changes were made to the Plan since 2011. No options were granted during the six months ended June 30, 2016 or during the year ended December 31, 2015.

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

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$0.25	19-Nov-20	4.39
75,000	0.20	8-Apr-21	4.78
67,500	0.23	4-May-21	4.85
211,250	0.14	29-Nov-21	5.42
623,750	**$0.20**		**4.84**

Basic and diluted loss per share based on loss for the three and six months ended June 30:

Numerator:	**3 months ended June 30, 2016**	**3 months ended June 30, 2015 (restated)**	**6 months ended June 30, 2016**	**6 months ended June 30, 2015 (restated)**
Net loss for the period	**$84,166**	$149,822	**$187,525**	$251,123

Denominator:	**2016**	2015	**2016**	2015
Weighted average number of common shares outstanding - basic and diluted (i)	**167,536,185**	167,536,185	**167,536,185**	167,536,185

Loss per common share based on net loss for the period:	**2016**	2015	**2016**	2015
Basic and diluted	($0.001)	($0.001)	($0.001)	($0.001)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 19,673,907 shares related to convertible securities that were anti-dilutive for the three and six months ended June 30, 2016(three months June 30, 2015 – 29,673,907 shares).

7. RECLAMATION AND DECOMMISSIONING OBLIGATION

As at June 30, 2016, the Company provided $116,304 for the estimated future cost of reclamation and abandonment work on its oil and gas leases.

The Company provides for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the Lloydminster property in Alberta. The reclamation and decommissioning obligation represents the present value of estimated future reclamation costs, which are expected to be incurred in 2024. The estimated undiscounted cash flows used to estimate the liability is $81,000 (December 31, 2015 - $81,000). Assumptions, including an inflation rate of 1.26% and a discount rate of 1.79%, have been made which management believes are a reasonable basis upon which to estimate the future liability.

The Company provides for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the properties in Montana. The reclamation and decommissioning obligation represents the present value of estimated future reclamation costs, which are expected to be incurred in 2017 and 2018. The estimated undiscounted cash flows used to estimate the liability is $38,578. Assumptions, including an inflation rate of 1.03% and a discount rate of 0.49%, have been made which management believes are a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary reclamation work required, which will reflect market conditions at the relevant time.

The estimated reclamation cost as at June 30, 2016 and December 31, 2015 is as follows:

		Alberta		Montana		Total
Balance, December 31, 2014		**84,223**		**-**		**84,223**
Accretion expense		1,508		155		1,663
Addition		-		48,577		48,577
Decommissioning incurred		-		(22,429)		(22,429)
Foreign currency translation		-		5,631		5,631
Balance, December 31, 2015	**$**	**85,731**	**$**	**31,934**	**$**	**117,665**
Accretion expense		768		-		768
Foreign currency translation		-		(2,129)		(2,129)
Balance, June 30, 2016	**$**	**86,499**	**$**	**29,805**	**$**	**116,304**

8. RELATED PARTY TRANSACTIONS

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted.

(a) Included in professional fees for the six months ended June 30, 2016 is $nil (six months ended June 30, 2015 – $8,389) for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities as at June 30, 2016 is $51,917 (December 31, 2015 - $52,228) owing to this law firm.

(b) Included in accounts payable and accrued liabilities as at June 30, 2016 and December 31, 2015 is $41,999 for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.

(c) At June 30, 2016, $251,000 with applicable taxes (December 31, 2015 - $175,000 without applicable taxes) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's Chief Executive Officer and director, Allen Lone.

(d) During six months ended June 30, 2016, the Company paid $nil (six months ended June 30, 2015 - $12,000) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director.

(e) In January 2015, the Company purchased 100% of the issued and outstanding common shares of Primary, a private company incorporated under the laws of Montana, USA. Primary was a wholly owned subsidiary of Keek Inc, in which Gerry Feldman, a director of the Company was a director of Keek at the time of acquisition. (See Note 11).

(f) At June 30, 2016 and December 31, 2015, $39,818 is included in accounts payable and accrued liabilities, relating to services provided by a former director and officer (Nick Tsimidis).

(g) At June 30, 2016 and December 31, 2015, $10,625 is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).

(h) At June 30, 2016 and December 31, 2015, $169,092 is included in accounts payable and accrued liabilities to a company controlled by a former director and officer of the Company (Richard Cohen).

(i) At June 30, 2016 and December 31, 2015, $2,000 is included in accounts payable and accrued liabilities to a director of the Company, Mario DiGenova.

(j) At June 30, 2016 and December 31, 2015, $2,000 is included in accounts payable and accrued liabilities to the CFO of the Company, Alan Myers.

(k) At June 30, 2016 and December 31, 2015, $791 has been included in accounts payable and accrued liabilities for Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO, is a partner, for taxation services provided during three and six months ended June 30, 2016.

(l) During the six months ended June 30, 2016, the Company paid $5,775 (six months ended June 30, 2015 - $12,082) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At June 30, 2016, $5,775 (December 31, 2015 - $5,578) has been included in accounts payable and accrued liabilities.

9. Key management compensation

The compensation of key management of the Company is included in the summary table below. Key management is those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Short-term compensation (Note 8(c)	$ 25,000	$ 31,250	$ 50,000	$ 50,000

These transactions are in the normal course of operations.

10. COMMITMENTS & CONTINGENCIES

Gross overriding royalties

In addition to the gross overriding royalty ("GORR") agreements entered into in connection with the various oil and gas projects undertaken as disclosed in Note 5, the Company has entered into the following GORR agreement:

As part of the purchase of a database of technical information of Lloydminster property, the Company entered into a GORR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database. To date, there has been no production on these lands.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. The Company has lodged deposits of $412,719 (December 31, 2015 - $412,719) with the Alberta Energy Resource Conservation Board as required by legislation. The Company has also lodged a drilling deposit of $64,585 (US$50,000) (December 2015 - $69,200 (US$50,00)) with regulatory bodies in Montana, USA.

Legal Claims

In the ordinary course of business activities, the Company is a party in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material effect on the consolidated financial position of the Company.

Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

11. ACQUSITION OF PRIMARY PETROLEUM COMPANY USA INC.

In January 2015, the Company purchased 100% of the issued and outstanding common shares of Petroleum Primary Company USA Inc. ("Primary"), a private company incorporated under the laws of the Montana, USA. Primary was a wholly owned subsidiary of Keek Inc. The Company paid $1 for Primary and the acquisition was accounted for as a business combination. The results of operations of Primary are included in the accounts from the effective date of acquisition on January 27, 2015. Primary holds direct interests in oil and gas properties in Montana (See Note 5).

Details of the acquisition of Primary is as follows:

		As at January 27, 2015
Purchase price		
Cash paid	$	1
Fair value of Primary's net assets acquired		
Current assets	$	65,117
Less: total liabilities		(49,121)
Excess of fair value of net assets acquired over purchase price	$	15,996

The excess of the fair value of the net assets of Primary over the purchase price, in the amount of $15,996, was recognized in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2015 (as restated).

12. EXPLORATION EXPENSES

The exploration costs during six months ended June 30, 2016 and 2015 were as follows:

	Three months ended 30 June,				Six months ended 30 June,			
		2016		2015		2016		2015
Annual lease renewal costs	$	6,150	$	36,587	$	6,150	$	69,731
Land management		(251)		-	$	4,059		-
Others		3,854		3,598		2,066		3,781
	$	9,753	$	40,185	$	12,275	$	73,512

13. OFFICE AND GENERAL EXPENSES

The office and general expenses during six months ended June 30, 2016 and 2015 were as follows:

	Three months ended 30 June,		Six months ended 30 June,	
	2016	**2015**	**2016**	**2015**
Accounting services	$ 12,325	$ 5,525	$ 24,675	$ 10,525
Management salary	25,000	31,250	50,000	50,000
Corporate services	(676)	150	7,843	5,350
Rent expense	5,040	9,360	10,080	20,200
Computer expenses	2,061	-	4,259	-
Telephone expense	365	236	1,050	472
Transfer Agent	671	781	1,565	1,799
Others	462	5,406	1,075	6,044
	$ 45,248	$ 52,708	$ 100,547	$ 94,390

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

a. To safeguard the Company's ability to continue as a going concern.
b. To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties.
c. To raise sufficient capital to meet its general and administrative expenditures.

The Company considers its capital to be equity, which comprises capital stock, contributed surplus, warrants and deficit, which at June 30, 2016 was a deficiency of $192,690 (December 31, 2015 - $12,340).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets' underlying assumptions as necessary. There have been no changes in the way the Company manages its capital during the six months ended June 30, 2016.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months. As of June 30, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

15. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, or cash flow risks arising from the financial instruments. There were no changes to the Company's risks, objectives, policies and procedures during six months ended June 30, 2016 and the year ended December 31, 2015.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, deposits and sundry receivables. Cash and cash equivalents and deposits are held at reputable Canadian financial institutions.

The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

The carrying amount of sundry receivables and cash and cash equivalents represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains a majority of its surplus funds in interest bearing accounts with Canadian financial institutions, which pay interest at a floating rate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At June 30, 2016, the Company had bank indebtedness of $1,147 (at December 31, 2015 – cash balance of $19,499) to settle current liabilities of $1,116,705 (at December 31, 2015 - $1,079,554). The Company has a working capital deficiency of $1,069,382 (at December 31, 2015 - $892,286).

Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollars and the functional currency of the parent company is the Canadian dollar. As at June 30, 2016, the Company's US dollar net monetary liabilities totaled $41,264. Accordingly a 5% change in the US dollar exchange rate as at June 30, 2016 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $2,063.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

16. SEGMENTED INFORMATION

The Company currently operates in one reportable segment, being the acquisition, exploration and evaluation of oil and gas interests. Non-current assets segmented by geographical area are as follows:

As of June 30, 2016

	Canadian Operation	US Operation	Total
Total assets	$ 964,772	$ 75,547	$ 1,040,319
Exploration and evaluation assets	$ 515,692	$ -	$ 515,692

As of December 31, 2015

	Canadian Operation	US Operation	Total
Total assets	$ 1,065,692	$ 119,187	$ 1,184,879
Exploration and evaluation assets	$ 515,692		$ 515,692