Big Sky PETROLEUM

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Expressed in US Dollars)

(Unaudited – Prepared by Management)

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NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BIG SKY PETROLEUM CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)

	Notes	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets			
Oil and natural gas properties	4	$ 250,000	$ 250,000
Reclamation bond	4	25,000	25,000
Total non-current assets		275,000	275,000
Accounts receivable		823	1,463
Cash and cash equivalents		131	964
Total current assets		954	2,427
Total assets		$ 275,954	$ 277,427
Shareholders' Equity			
Share capital	6	$ 10,190,960	$ 10,190,960
Reserves	6	1,312,344	1,303,020
Deficit		(12,284,786)	(12,242,378)
Total shareholders' equity		(781,482)	(748,398)
Liabilities			
Decommissioning liabilities	5	250,000	250,000
Total non-current liabilities		250,000	250,000
Due to related parties	7	156,504	126,136
Due to Joint Participation Agreement partners	4	312,764	312,764
Accounts payable and accrued liabilities		338,168	336,925
Total current liabilities		807,436	775,825
Total shareholders' equity and liabilities		$ 275,954	$ 277,427

These consolidated financial statements are authorized for issue by the Board of Directors on August 21, 2015.

They are signed on the Company's behalf by:

/s/Desmond M. Balakrishnan
Director

/s/Mark T. Brown
Director

See notes to condensed consolidated interim financial statements

BIG SKY PETROLEUM CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US dollars)
(Unaudited)

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Exploration and evaluation expenses	$ -	$ (5,607)	$ (150)	$ (9,127)
General and administrative expenses				
Accounting, audit and legal fees	15,439	30,046	30,421	31,155
Transfer agent, listing and filing fees	753	3,643	7,029	11,621
Travel	53	11	2,871	3,274
Investor relations	1,793	1,199	1,793	2,144
Office and administrative	35	750	92	10,743
Share-based payments	-	866	-	866
Wages	-	-	-	5,000
	(18,073)	(36,515)	(42,206)	(64,803)
Other income	-	-	-	54
Foreign exchange gain (loss)	(89)	(1,341)	(52)	(1,540)
	(89)	(1,341)	(42,258)	(66,289)
Net loss	(18,162)	(43,463)	(42,408)	(75,416)
Exchange differences on translation of foreign operations	(3,451)	(2,833)	9,324	472
Total comprehensive loss for the period	$ (21,613)	$ (46,296)	$ (33,084)	$ (74,944)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	6,067,667	6,067,667	6,067,667	6,067,667

See notes to condensed consolidated interim financial statements

BIG SKY PETROLEUM CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US dollars)

			Reserves				
	Number of Shares	Share Capital	Equity-settled Employee Benefits	Finder's Warrants	Foreign Currency Translation	Deficit	Total Shareholders' Equity
Balance as at December 31, 2013 (Audited)	6,067,667	$10,190,960	$ 397,487	$ 686,976	$ 204,851	$ (10,559,232)	$ 921,042
Share-based payments	-	-	866	-	-	-	866
Net loss and comprehensive loss for the period	-	-		-	472	(75,416)	(74,944)
Balance as at June 30, 2014 (Unaudited)	6,067,667	10,190,960	398,353	686,976	205,323	(10,634,648)	846,964
Share-based payments	-	-	(6)	-	-	-	(6)
Net loss and comprehensive loss for the period	-	-	-	-	12,374	(1,607,730)	(1,595,356)
Balance as at December 31, 2014 (Audited)	6,067,667	10,190,960	398,347	686,976	217,697	(12,242,378)	(748,398)
Net loss and comprehensive loss for the period	-	-	-	-	9,324	(42,408)	(33,084)
Balance as at June 30, 2015 (Unaudited)	**6,067,667**	**$10,190,960**	**$ 398,347**	**$ 686,976**	**$ 227,021**	**$ (12,284,786)**	**$ (781,482)**

See notes to condensed consolidated interim financial statements

BIG SKY PETROLEUM CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended June 30
(Expressed in US dollars)
(Unaudited)

	2015	2014
Cash provided by (used in)		
Operating activities		
Net loss	$ (42,408)	$ (75,416)
Changes in non-cash working capital items:		
Prepaid expenses	-	3,269
Accounts receivable	553	1,205
Due to related parties	37,792	28,113
Accounts payable and accrued liabilities	3,231	(8,796)
Share-based payments	-	866
Net cash provided by (used in) operating activities	(833)	(50,758)
Effects of exchange rate changes on cash held in foreign currencies	-	693
Change in cash and cash equivalents	(833)	(50,065)
Cash and cash equivalents, beginning of the period	964	52,250
Cash and cash equivalents, end of the period	$ 131	$ 2,185
Supplemental cash flow information:		
Interest received	$ -	$ 15

See notes to condensed consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Big Sky Petroleum Corporation (the "Company") was incorporated under the *Canada Business Corporations Act* on February 3, 2006 and, effective July 6, 2009, changed its continuance out of the federal jurisdiction into the British Columbia jurisdiction under the *Business Corporations Act* (British Columbia). The Company has been listed on the TSX Venture Exchange (the "TSX-V" or "Exchange") since May 5, 2006.

On November 30, 2011, the Company completed the acquisition of Big Sky Operating LLC ("Big Sky") by way of a reverse takeover acquisition, changed to its current name of Big Sky Petroleum Corporation and resumed trading under the symbol "BSP" on December 1, 2011 as an oil and gas company in the exploration stage. As a result of the reverse takeover acquisition, the Company is the legal parent and accounting subsidiary while Big Sky is the legal subsidiary and accounting parent.

The Company is engaged in the exploration and development of oil and gas in Montana's Alberta Basin, commonly referred to as the Bakken source system as well as the Texas Midland Basin prospect located in the southeastern portion of the prolific Permian Basin in west Texas. The address of the Company's registered office is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, there are several conditions that may cast significant doubt on the Company's ability to continue as a going concern, including that, to date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company reported a net loss of $42,408 for the six months ended June 30, 2015 (2014 - $75,416) and had an accumulated deficit of $12,284,786 at June 30, 2015 (December 31, 2014 - $12,242,378). The Company also had working capital deficiency of $806,482 as at June 30, 2015 (December 31, 2014 - $773,398). The Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing, but anticipates that current market conditions may impact the ability to source such funds.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2014 consolidated annual financial statements.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2014. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

4. OIL AND NATURAL GAS PROPERTIES

Montana Projects

The Company has interests in separate land packages known as the Americana Acreage Block and the FX Block, collectively referred to as the Glacier Prospects.

Effective February 2011, the Company signed a Joint Participation Agreement and Operating Agreement with FX Producing Company, Inc. and American Eagle Energy Inc. to explore in the Alberta Bakken region of Montana with an undivided 33.33% interest each.

On April 30, 2013, Big Sky and its two joint Participation Agreement partners signed a Purchase and Sale Agreement with American Midwest Oil and Gas ("AMOG") to sell certain of its oil and gas leasehold interests in Toole County, Montana, for a total purchase price of $642,292, of which the Company had a one-third interest. As at June 30, 2015, the Company owes $312,764 (December 31, 2014 - $312,764) to its Joint Participation Agreement partners for the sale. The Company does not plan to further explore the Montana projects and therefore, the Company wrote-off $522,444 of its capitalized cost related to the Montana projects during the year ended December 31, 2014. As a result of the impairment, the carrying value of the Montana projects as at June 30, 2015 is $nil (December 31, 2014 – $nil).

Texas Project

On November 28, 2012, the Company announced it entered the prolific Wolfcamp/Wolfberry play developing in the southern Midland Basin portion of the Permian Basin located in west Texas. The Company has acquired a 90% working interest in the property on the eastern shelf of the southern Midland Basin.

As of June 30, 2015, the Company had a reclamation bond of $25,000 (December 31, 2014 - $25,000) and is expected to be released after all reclamation work has been completed with regard to the Texas project. In 2014, the Company wrote-off $1,034,444 of its capitalized cost related to the Texas project. The impairment was based on management's best estimate of fair value less costs to sell being the equivalent of the estimated decommissioning provision the Company would recover on disposal of the Texas project. The impairment resulted in the Texas project being written down to a value, determined in accordance with level 3 of the fair value hierarchy of $250,000. As a result of the impairment, the carrying value of the Texas project as at June 30, 2015 is $250,000 (December 31, 2014 - $250,000).

The Company's decommissioning provision results from its ownership interest in oil and natural gas assets. The total decommissioning provision is estimated based on the Company's net ownership interest in the wells, estimated costs to reclaim and abandon these wells and the estimated timing of the costs to be incurred in future years. The Company has estimated the decommissioning provision being the estimated costs of reclaiming the only well drilled of $250,000 as at June 30, 2015 (2014 - $250,000) (Note 5).

(Expressed in US dollars, unless otherwise indicated)

4. OIL AND NATURAL GAS PROPERTIES (Continued)

The amounts shown represent costs incurred to date, and do not necessarily represent present or future values, as these are entirely dependent upon the economic recovery of future oil and natural gas reserves. A summary of current property interests is as follows:

Oil and natural gas properites	Balance December 31 2013	Write-off	Balance December 31 2014	Expenditures/ write-off	Balance June 30 2015
Montana					
Leasehold costs	$ 602,434	$ -	$ 602,434	$ -	$ -
Lease and well equipment	10,133	-	10,133	-	-
Office equipment	-	-	-	-	-
Write-off of oil and natural gas properties	(90,123)	(522,444)	(612,567)	-	-
	522,444	(522,444)	-	-	-
Texas					
Decommissioning provision	250,000	-	250,000	-	250,000
Leasehold costs	1,133,805	-	1,133,805	-	1,133,805
Lease and well equipment	236,319	-	236,319	-	236,319
Write-off of oil and natural gas properties	(335,680)	(1,034,444)	(1,370,124)	-	(1,370,124)
	1,284,444	(1,034,444)	250,000	-	250,000
TOTAL	**$ 1,806,888**	**$ (1,556,888)**	**$ 250,000**	**$ -**	**$ 250,000**

5. DECOMISSIONING LIABILITIES

Balance, December 31, 2014	$ 250,000
Additions	-
Balance, June 30, 2015	$ 250,000

The Company's provision for decommissioning liabilities consists of remediation obligations resulting from its ownership interests in oil assets. The total obligation is estimated based on the Company's net ownership interest in each well site, estimated costs to return these sites to their original condition and costs to plug the wells and the estimated timing of the costs to be incurred in future years.

No further exploration work was performed in 2015. The decommissioning liability relates to the estimated fair value of reclaiming the only well drilled of $250,000 as at June 30, 2015 (December 31, 2014 - $250,000).

(Expressed in US dollars, unless otherwise indicated)

6. SHARE CAPITAL AND RESERVES

(a) Authorized

The Company has authorized share capital of an unlimited number of common shares without par value.

(b) Stock options

The Company has established a stock option plan that is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees, agents and consultants. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the total number of issued and outstanding shares. All options granted to date, vested immediately upon granting.

Expiry date		Exercise Price ($CDN)	December 31, 2014	Granted	Exercised	Expired/ Cancelled	June 30, 2015
October 17, 2016	$	1.20	25,000	-	-	-	25,000
December 1, 2016	$	3.50	90,000	-	-	-	90,000
November 29, 2017	$	1.20	8,000	-	-	-	8,000
January 7, 2018	$	1.20	10,000	-	-	-	10,000
Options outstanding and exercisable			133,000	-	-	-	133,000
Weighted average exercise price ($CDN)			$ 2.76	-	-	-	$ 2.76

At June 30, 2015, the weighted average remaining contractual life of the stock options was 1.54 (December 31, 2014 – 2.04) years.

During the six months ended June 30, 2015, the share-based payment for the options vested was $Nil (2014 - $866).

(c) Warrants

Expiry date		Exercise price ($CDN)	December 31, 2014	Issued	Expired	June 30, 2015
September 30, 2015	$	2.50	2,571,429	-	-	2,571,429
October 25, 2015	$	2.50	156,000	-	-	156,000
Warrants outstanding			2,727,429	-	-	2,727,429
Weighted average exercise price ($CDN)			$ 2.50	-	-	$ 2.50

At June 30, 2015, the weighted average remaining contractual life of the warrants is 0.26 (December 31, 2014 - 0.75) year.

(Expressed in US dollars, unless otherwise indicated)

7. RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the six months ended June 30, 2015	Short-term benefits	Share-based Payments	Total
Companies controlled by Chief Executive Officer, President, Chief Financial Officer and a Director	$ 24,312	$ -	$ 24,312
Directors	-	-	-
Total	$ 24,312	$ -	$ 24,312

For the six months ended June 30, 2014	Short-term benefits	Share-based Payments	Total
Companies controlled by Chief Executive Officer, President, Chief Financial Officer and a Director	$ 27,360	$ -	$ 27,360
Directors	-	-	-
Total	$ 27,360	$ -	$ 27,360

Due to related parties	Services for	June 30, 2015	December 31, 2014
Company controlled by officers	Rent, accounting and financial services; shareholder loan	$ 134,807	$ 103,082
Company controlled by a director	Legal	21,697	23,054
Total		$ 156,504	$ 126,136

8. FINANCIAL INSTRUMENTS

The fair values of the Company's accounts receivable (net of GST receivable), accounts payable and accrued liabilities, and due to Joint Participation Agreement partners approximate their carrying values due to the short-term maturity of these instruments. The Company's cash is valued based on quoted market prices.

Amounts due to related parties approximate their fair value, as they are due on demand.

The Company's financial instruments are exposed to certain financial risks, including foreign currency risk, credit risk, liquidity risk and interest risk.

(a) Foreign currency risk

The Company raises financing in Canadian dollars while incurring exploration costs on its oil and gas properties, as well as the majority of its administrative expenses, in US dollars. The Company is therefore affected by changes in exchange rates between the Canadian dollar and US dollar, which may adversely affect the Company's financial position, results of operations and cash flows. The Company has net monetary liabilities of $235,000 (December 31, 2014 - $185,000) denominated in Canadian dollars. A 6% change in the absolute rate of exchange in US dollars would affect its net loss by $14,100.

(b) Credit risk

The Company's cash is held in a Canadian financial institution. Credit risk is managed by using major banks that are high credit quality financial institutions as determined by ratings agencies. The Company's accounts receivable consists primarily of joint interest partners' receivables and Goods and Services Tax due from the federal government of Canada. The Company manages its joint interest partners' receivable by maintaining a close working relationship and monitoring the aging of such.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities and amounts due to related parties are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. A 1% change in the interest rate, with other variables unchanged, would affect the Company by an annualized amount of interest equal to approximately $Nil.

8. FINANCIAL INSTRUMENTS (Continued)

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

June 30, 2015	Level 1	Level 2	Level 3	Total
Cash	$ 131	$ -	$ -	$ 131

December 31, 2014	Level 1	Level 2	Level 3	Total
Cash	$ 964	$ -	$ -	$ 964

9. MANAGEMENT OF CAPITAL RISK

The Company's capital is comprised of amounts in shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of oil and gas properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. There were no changes to the Company's approach to capital management during the year and the Company is not subject to any externally imposed capital requirements.

(Expressed in US dollars, unless otherwise indicated)

10. SEGMENTED INFORMATION

The Company is engaged in one business activity, oil and natural gas exploration. The two key geographical segments are Canada and United States. The Company has no discontinued operations.

Summarized financial information for the geographic segments the Company operates in are as follows:

	Canada	USA	Total
As at June 30, 2015			
Assets			
Oil and natural gas properties	$ -	$ 250,000	$ 250,000
Reclamation bond	-	25,000	25,000
Accounts receivable	823	-	823
Cash	131	-	131
	$ 954	$ 275,000	$ 275,954
As at December 31, 2014			
Assets			
Oil and natural gas properties	$ -	$ 250,000	$ 250,000
Reclamation bond	-	25,000	25,000
Accounts receivable	1,463	-	1,463
Cash	964	-	964
	$ 2,427	$ 275,000	$ 277,427
For the six months ended June 30, 2015			
Loss for the period	$ (41,898)	$ (510)	$ (42,408)
Capital expenditures	$ -	$ -	$ -
For the six months ended June 30, 2014			
Loss for the period	$ (49,864)	$ (25,552)	$ (75,416)
Capital expenditures	$ -	$ -	$ -

11. CONTINGENCIES

The Company is currently engaged in three litigations where plaintiffs are demanding for the payments of delinquent invoices, attorneys' fees and court costs if any. Amounts of delinquent invoices are included in accounts payable. The amounts of attorney fees and court costs are unknown.