HALIO ENERGY INC.
(Formerly TAD Mineral Exploration Inc.)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

July 31, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Halio Energy Inc.
(Formerly TAD Mineral Exploration Inc.)

We have audited the accompanying financial statements of Halio Energy Inc. (formerly TAD Exploration Inc.), which comprise the statements of financial position as at July 31, 2016 and 2015 and the statements of comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Halio Energy Inc. (formerly TAD Exploration Inc.) as at July 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

November 28, 2016

HALIO ENERGY INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	July 31, 2016	July 31, 2015
Current assets		
Cash	$ 93,549	$ 4,124
Receivables – Note 6	10,078	13,485
Marketable securities – Note 5	-	5,250
Prepaid expenses and deposits	17,325	3,033
Total current assets	120,952	25,892
Non-current assets		
Rent deposit	-	6,475
Exploration and evaluation assets – Note 7	-	46,935
Total assets	$ 120,952	$ 79,302
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Note 8	$ 82,300	$ 1,151,900
Total current liabilities	82,300	1,151,900
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital – Note 10	4,686,450	2,940,854
Reserves – Note 10	585,961	582,758
Accumulated deficit	(5,233,759)	(4,596,210)
Total shareholders' equity (deficiency)	38,652	(1,072,598)
Total liabilities and shareholders' equity (deficiency)	$ 120,952	$ 79,302

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 18)

APPROVED BY THE DIRECTORS:

"Joseph E. Casabona"	Director	*"Charles Ross"*	Director
Joseph E. Casabona		Charles Ross	

The accompanying notes form an integral part of these financial statements.

HALIO ENERGY INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Years ended July 31, 2016	2015
Operating expenses		
Consulting	$ 338,558	$ 242,500
Management and directors' fees – Note 12	64,994	88,625
Office and miscellaneous – Note 12	18,548	38,585
Professional fees – Note 12	121,292	26,729
Shareholder information	7,368	-
Share-based payments – Note 10	3,203	-
Transfer agent and filing fees	32,991	8,092
Travel and promotion	7,334	-
	(594,288)	(404,531)
Unrealized loss on marketable securities – Note 5	-	(29,750)
Write-down of exploration and evaluation assets – Note 7	(73,687)	(124,260)
Gain on debt settlement – Note 12	30,426	-
	(43,261)	(154,010)
Net comprehensive loss for the year	$ (637,549)	$ (558,541)
Loss per share – basic and diluted – Note 11	$ (0.12)	$ (0.31)
Weighted average number of shares outstanding – basic and diluted – Note 11	5,175,784	1,783,331

The accompanying notes form an integral part of these financial statements.

HALIO ENERGY INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended July 31, 2016	2015
Operating Activities		
Loss for the year	$ (637,549)	$ (558,541)
Adjustments for non-cash items:		
Unrealized loss on marketable securities	-	29,750
Share-based payments	3,203	-
Write-down of exploration and evaluation assets	73,688	124,260
Gain on debt settlement	(30,426)	-
Changes in non-cash working capital items:		
Receivables	3,407	(3,416)
Prepaid expenses	(14,292)	(3,033)
Accounts payable and accrued liabilities	(1,027,449)	340,315
Deposits	6,475	-
Cash used in operating activities	(1,629,418)	(70,665)
Investing Activities		
Exploration and evaluation assets	(1,753)	(1,000)
Cash used in investing activities	(1,753)	(1,000)
Financing Activities		
Proceeds from issuance of share capital	1,730,750	-
Share issue costs	(10,154)	-
Loan received	28,525	-
Loan repayment	(28,525)	-
Cash provided by financing activities	1,720,596	-
Change in cash during the year	89,425	(71,665)
Cash, beginning of the year	4,124	75,789
Cash, end of the year	$ 93,549	$ 4,124

Supplemental disclosure with respect to cash flows (Note 14)

The accompanying notes form an integral part of these financial statements.

HALIO ENERGY INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital			**Accumulated**	
	Number of shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, July 31, 2014	1,783,331	$ 2,940,854	$ 582,758	$ (4,037,669)	$ (514,057)
Loss for the year	-	-	-	(558,541)	(558,541)
Balance, July 31, 2015	1,783,331	2,940,854	582,758	(4,596,210)	(1,072,598)
Shares issued at $0.15 per share for exploration and evaluation assets	166,667	25,000	-	-	25,000
Shares issued at $0.07 per share for cash	22,000,000	1,540,000	-	-	1,540,000
Shares issued at $0.50 per share for cash	381,500	190,750	-	-	190,750
Share issuance costs	-	(10,154)	-	-	(10,154)
Share-based payments	-	-	3,203	-	3,203
Loss for the year	-	-	-	(637,549)	(637,549)
Balance, July 31, 2016	24,331,492	$ 4,686,450	$ 585,961	$ (5,233,759)	$ 38,652

The accompanying notes form an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Halio Energy Inc. (TSX-V: HOIL) (the "Company"; formerly TAD Mineral Exploration Inc.) was incorporated on April 23, 2007, under the British Columbia Company Act and is listed on the TSX Venture Exchange. The Company's head office and principal business address is Suite 2300 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The Company's registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

On January 19, 2016 the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-ten-old basis, changed its name from Tad Mineral Exploration Inc. to Everest Ventures Inc., and changed its trading symbol to "EET". On May 4, 2016 the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-three-old basis. These financial statements reflect the January 2016 and May 2016 share consolidations. All common shares, stock options, share purchase warrants and per common share amounts have been retroactively restated.

On June 8, 2016 the Company completed a private placement consisting of the issuance of 22,000,000 units, at a price of $0.07 per unit, to raise aggregate gross proceeds of $1,540,000. Each unit is comprised of one share and one warrant, each of which will be exercisable into one share at a price of $0.09 per share for 5 years from the date of issuance. A private company acquired 20,000,000 units of the private placement, resulting in a change of control of the Company. On Closing, the private company held 82.2 % of the shares on an undiluted basis.

On June 28, 2016 the Company changed its name to Halio Energy Inc., and changed its trading symbol to "HOL" to reflect its new business direction. On November 9, 2016 the symbol was changed to "HOIL". The Company has changed its business direction from acquiring and exploring mineral properties to investing in North and South American-based oil and gas upstream and producing properties, and intends to procure direct working interests on a non-operated basis as well as limited partnership, joint venture, and MLP interests.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At July 31, 2016, the Company had not yet achieved profitable operations and has an accumulated deficit of $5,233,759 since its inception. The Company expects to incur further losses in the development of its business, all of which may cast substantial doubt on the Company's ability to continue as a going concern.

The Company will require additional financing in order to conduct its planned work programs on its exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

These financial statements were authorized for issue by the Board of Directors on November 28, 2016.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been initially measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

3. SUMMARY OF SIGNIFICIANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Marketable securities

Securities held for trading are traded on a recognized securities exchange, are recorded at fair value based on quoted closing bid prices at the statement of financial position date or closing bid prices on the last day the security traded if there were no trades at the statement of financial position date with both realized and unrealized gains and losses recorded in profit or loss.

b) Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars, the functional currency of the Company, as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the reporting period end date, unsettled monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at that date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

c) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation assets (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

d) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

e) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Rehabilitation provision (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

f) Financial instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company classified its financial assets as follows:

-Cash and marketable securities are classified as FVTPL; and
-Receivables are classified as loans and receivables.

Financial liabilities

Financial liabilities are classified into one of two categories:

-Fair value through profit or loss; and

-Other financial liabilities

Fair value though profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company classified its financial liabilities as follows:

-Accounts payable and accrued liabilities are classified as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

g) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital.

Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

h) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

i) Investment tax credits

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

k) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 – Financial Instruments (“IFRS 9”)

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

(Expressed in Canadian Dollars)

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 11 - Accounts for Acquisition of Interest in Joint Operations ("IFRS 11")

IFRS 11 has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amended standard is effective for annual periods beginning on or after January 1, 2016.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization ("IAS 16 and IAS 28")

IAS 16 and IAS 38 have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. The amended standard is effective for annual periods beginning on or after January 1, 2016.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRS 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transaction involving Advertising Service. The new standard is effective for annual periods beginning on or after January 1, 2018.

5. MARKETABLE SECURITIES

The Company's marketable securities are recorded at fair market value as they are classified as at fair value through profit or loss ("FVTPL") financial instruments.

Marketable securities comprise the following:

	Common shares	Market value	Cost
Balance, July 31, 2014	58,333	$ 35,000	$ 52,500
Unrealized loss	-	(29,750)	-
Balance, July 31, 2015	58,333	$ 5,250	$ 52,500
Disposition	(58,333)	(5,250)	(52,500)
Balance, July 31, 2016	-	$ -	$ -

The Company held equity securities in a publicly traded company, Apple Capital Inc. ("Apple Capital"). In December 2015, Apple Capital consolidated its share capital on a one-new-for-six-old basis. During the year ended July 31, 2016, the Company did not record any unrealized loss (year ended July 31, 2015: unrealized loss of $29,750) which was included in profit or loss. During the year ended July 31, 2016, the shares were disposed of in settlement of $5,250 owing to a former director.

6. RECEIVABLES

The Company's receivables comprise goods and services tax ("GST") receivable due from Canadian government taxation authorities and reimbursement from two public companies for unpaid fees relating to the Hazelton Property exploration and office expenses.

	July 31, 2016	July 31, 2015
Accounts receivable	$ -	$ 8,713
GST recoverable	10,078	4,772
Total receivables	$ 10,078	$ 13,485

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

	BC Hazelton Property	ON Constance Lake Hydrothermal Graphite Prospect	ON Drowning River Hydrothermal Graphite Prospect	SK North Patterson Lake Uranium Prospect	SK Athabasca N Uranium Property	SK Wollaston Lake Uranium Property	Total
Balance, July 31, 2014	$ 152,025	$ 15,500	$ 8,507	$ 9,461	$ 2,702	$ -	$ 188,195
Deferred exploration expenditures							
Geological reports	-	1,000	-	-	-		1,000
Accrued reclamation costs	(18,000)	-	-	-	-	-	(18,000)
Write-down of exploration and evaluation assets	(106,292)	-	(8,507)	(9,461)	-	-	(124,260)
Balance, July 31, 2015	27,733	16,500	-	-	2,702	-	46,935
Acquisition costs	-	-	-	-	-	26,750	26,750
Deferred exploration expenditures							
Geological reports	-	2	-	-	-	-	2
Write-down of exploration and evaluation assets	(27,733)	(16,502)	-	-	(2,702)	(26,750)	(73,687)
Balance, July 31, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -

7. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Hazelton Property, BC

By an agreement dated March 16, 2009 and approved August 26, 2009, the Company acquired 94% of all right, title and interest in certain mineral claims located in the Omenica Mining District of British Columbia subject to a 1.5% net smelter return.

During the year ended July 31, 2015, the Company decided to drop one mineral claim and reduced the size of the remaining claim. Prior exploration costs of $106,292 associated with these claims were written off.

During the year ended July 31, 2016, the Company decided to drop the remaining claim. The $27,733 balance of the exploration expenditures associated with this claim were written off.

Constance Lake Hydrothermal Graphite Prospect, ON

During the year ended July 31, 2013, the Company acquired a 100% interest in certain mineral claims in Ontario for staking costs of $2,500.

During the year ended July 31, 2016, the Company decided to drop the claims. The Company recorded a write-down of exploration and evaluation assets of $16,502.

Athabasca North Uranium Property, SK

During the year ended July 31, 2014, the Company acquired a 100% interest in certain mineral claims in the Athabasca Basin in Saskatchewan for staking costs of $2,702.

During the year ended July 31, 2016, the Company decided to drop these claims. The Company recorded a write-down of exploration and evaluation assets of $2,702.

North Patterson Lake Uranium Prospect, SK

During the year ended July 31, 2013, the Company acquired a 100% interest in certain mineral claims in the Athabasca Basin in Northern Saskatchewan for staking costs of $2,461.

During the year ended July 31, 2015, the Company decided not to continue with this property and allowed the mineral claims to lapse when they became due. Prior acquisition costs of $2,461 and exploration costs of $7,000 were written off.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Drowning River Hydrothermal Graphite Prospect, ON

During the year ended July 31, 2014, the Company acquired a 100% interest in certain mineral claims in Ontario for staking costs of $8,507.

During the year ended July 31, 2016, the Company decided to write down the value of this property. The related staking costs of $8,507 were written off as of July 31, 2015.

Wollaston Lake Uranium Property, SK

On November 3, 2015, the Company entered into an asset purchase agreement with an arm's length party (the "Vendor") to acquire a 100% interest in certain mineral claims in Saskatchewan. In consideration, the Company issued 166,667 common shares valued at $25,000 to the Vendor upon Exchange approval. As of July 31, 2016 the Company has written off the property as management does not intend to pursue the claims. The Company recorded a write-down of exploration and evaluation assets of $26,750.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

	July 31, 2016	July 31, 2015
Trade payables	$ 72,300	$ 1,139,600
Accrued liabilities	10,000	12,300
Total payables	$ 82,300	$ 1,151,900

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

9. LOANS PAYABLE

During the year ended July 31, 2016, the Company received loan advances from four arm's length lenders and a former director ($7,125) of the Company for a total principal amount of $28,525 bearing no interest and due upon demand. As of July 31, 2016, the loans were repaid.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

On January 19, 2016 the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-ten-old basis.

On May 4, 2016 the Company consolidated its share capital, stock options and share purchase warrants on a one-new-for-three-old basis.

All common shares, stock options, share purchase warrants and per common share amounts have been retroactively restated.

On June 8, 2016 the Company completed a private placement consisting of the issuance of 22,000,000 units, at a price of $0.07 per unit, to raise aggregate gross proceeds of $1,540,000. Each unit is comprised of one share and one warrant, each of which will be exercisable into one post-consolidation share at a price of $0.09 per share for 5 years from the date of issuance. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

On June 27, 2016 the Company completed a non-brokered private placement of 381,500 units at a price of $0.50 per unit for gross proceeds of $190,750. Each unit consists of one share of the Company and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one share at a price of $0.50 for a period expiring five years from the date of issuance. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

(a) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2014 to July 31, 2016:

	Number	Weighted Average Exercise Price
Balance, July 31, 2014	886,410	$2.52
Expired	(203,334)	$3.00
Balance, July 31, 2015	683,076	$2.38
Granted	22,381,500	$0.10
Balance, July 31, 2016	23,064,576	$0.16

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (continued)

At July 31, 2016, the Company had 23,064,576 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
401,343	$3.00	May 17, 2017
281,733	$1.50	August 20, 2018
22,000,000	$0.09	June 8, 2021
381,500	$0.50	June 27, 2021
23,064,576		

(b) Share-based payments

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price of the Company's common shares at the date the options are granted.

Options granted under the Plan vest at the discretion of the Board of Directors and have a maximum life of five years.

During the year ended July 31, 2016 the Company granted 50,000 options to a consultant of the Company (2015: nil stock options were granted). The options vested immediately and are exercisable at $0.15 for one year. The Company recorded a share-based payment expense of $3,203 calculated using the Black-Scholes option pricing model with an expected volatility of 134%, a risk free interest rate of 0.54%, an expected term of one year and an expected dividend yield of 0.0%.

The following is a summary of changes in share purchase options from July 31, 2014 to July 31, 2016:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, July 31, 2014	178,167	$22.50
Expired	(40,833)	$3.00
Forfeited	(4,167)	$1.80
Outstanding and exercisable, July 31, 2015	133,167	$2.10
Expired	(21,667)	$3.60
Forfeited/Cancelled	(111,500)	$1.74
Granted	50,000	$0.15
Outstanding and exercisable, July 31, 2016	50,000	$0.15

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (continued)

(b) Share-based payments –(continued)

At July 31, 2016, 50,000 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date	
50,000	$0.15	March 22, 2017	(Note 18)
50,000			

Subsequent to year end, 50,000 stock options with an exercise price of $0.15 were exercised for gross proceeds of $7,500.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Years Ended July 31, 2016	Years Ended July 31, 2015
Net Loss	$ 637,549	$ 558,541
Weighted average number of common shares for the purpose of basic and diluted loss per share	5,175,784	1,783,331

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 10) were anti-dilutive for the years ended July 31, 2016 and 2015.

The loss per share for the year ended July 31, 2016 was $0.12 (July 31, 2015: $0.31).

12. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Years ended, 2016	Years ended, 2015
Management and director's fees	$ 59,286	$ 88,625
Professional fees	13,527	12,674
	$ 72,813	$ 101,299

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS – (continued)

Related party balances
During the year ended July 31, 2016, the Company entered into an agreement (the "Agreement") with Makena Resources Inc, a public company with certain former directors in common. Pursuant to the Agreement, the Company was forgiven a debt of $17,130.

At July 31, 2016, accounts payable and accrued liabilities include $1,405 (July 31, 2015: $530,517) due to related parties as follows:

	July 31, 2016	July 31, 2015
Former director and private company controlled by the former director, $107,800 for management fees from April 2012 (partial) to March 2013 and from May 2013 to December 2013 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	$1,259	$136,835
Director, $204,150 for management fees for April 2012 (partial) to March 2013 and from May 2013 to July 2015 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	-	233,185
Former director and private company controlled by the former director $107,800 for management fees from April 2012 (partial) to March 2013 and from May 2013 to December 2013 and $29,035 for 2011, 2012 and 2013 directors' fees less CPP	-	136,835
Makena Resources Inc, a public company with certain former directors in common, for accounting and office expenses	-	11,198
Cruz Capital Corp., a public company with certain former directors in common, for administrative expenses	-	1,664
Director for fiscal 2015 director's fees	-	2,500
Former director for fiscal 2016 director's fees	-	2,500
Director for travel expenses	146	-
Sienna Resources Inc., a public company with certain former directors in common, for office expenses and office rent	-	5,800
	$ 1,405	**$ 530,517**

These amounts are unsecured, non-interest bearing and payable on demand.

As outlined in Note 9, during the year ended July 31, 2016, the Company received loan advances of $7,125 from a director of the Company. As of July 31, 2016, $Nil was outstanding.

During the year ended July 31, 2016, office and miscellaneous expenses included $3,000 (year ended July 31, 2015: $12,000), which was for reimbursement of accounting overhead to a public company with two former common directors.

During the year ended July 31, 2016, 58,333 shares of Apple Capital were disposed of in settlement of $5,250 owing to a former director.

(Expressed in Canadian Dollars)

13. SEGMENTAL REPORTING

At July 31, 2016, the Company operated in one business segment, being acquiring and exploring mineral properties to investing in North and South American-based oil and gas upstream and producing properties.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

During the year ended July 31, 2016 the Company issued 166,667 shares with a fair market value of $25,000 for the acquisition of an exploration and evaluation property.

During the year ended July 31, 2016, 58,333 shares of Apple Capital were disposed of in settlement of $5,250 owing to a former director.

There were no non-cash financing or investing activities during the year ended July 31, 2015.

15. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss for the year	$ (637,549)	$ (558,541)
Expected income tax (recovery)	(166,000)	(145,000)
Change in statutory rates and other	6,000	(68,000)
Permanent difference	1,000	4,000
Share issue costs	(3,000)	-
Adjustment to prior year provisions versus statutory returns	65,000	-
Change in unrecognized deductible temporary differences	97,000	209,000
Total income tax expense (recovery)	$ -	$ -

(Expressed in Canadian Dollars)

15. INCOME TAX (continued)

The significant components of the Company's unrecorded deferred tax assets are as follows:

	2016	2015
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	$ 289,000	$ 270,000
Equipment	1,000	1,000
Share issue costs	2,000	-
Marketable securities	-	6,000
Non-Capital losses	980,000	898,000
	1,272,000	1,175,000
Unrecognized deferred tax assets	(1,272,000)	(1,175,000)
Net deferred income tax assets	$ -	$ -

No net deferred tax asset has been recognized in respect of the above for the years ended July 31, 2016 and 2015 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $3,771,000 (2015: $3,205,000) which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2034. The Company has allowable capital losses of approximately $24,000 which may be carried forward and applied against taxable capital gains in future years.

16. CAPTIAL DISCLOSURE

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity (deficiency), which at July 31, 2016 was $38,652 (July 31, 2015: deficiency of $1,072,598).

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 its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at July 31, 2016, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended July 31, 2016.

17. FINANCIAL INSTRUMENTS AND RISK

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 fair value of the Company's receivables, and accounts payable and accrued liabilities approximates their carrying values due to the short-term to maturity. The Company's cash and marketable securities are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at July 31, 2016, the Company has a minimal exposure to the US$ that is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company considers this risk to be insignificant and therefore does not hedge its foreign exchange risk.

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. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at July 31, 2016, the Company is not exposed to any significant credit risk.

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. Included in the loss for the year in the financial statements is interest expense on loans payable and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at July 31, 2016, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

17. FINANCIAL INSTRUMENTS AND RISK (continued)

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk and price risk.

18. SUBSEQUENT EVENTS

Subsequent to July 31, 2016, the following occurred:

a) On October 3, 2016, the Company signed a Farm-in Agreement to drill several high-priority oil and gas prospects in Oregon's Western Idaho Basin. Subject to the Company completing a financing, the Company will have the option to earn a 50% interest in the project by paying $US 6 million in costs related to the development of three wells.

b) On November 23, 2016, 50,000 stock options with an exercise price of $0.15 were exercised for gross proceeds of $7,500.