SONORO ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2016 and 2015

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim financial statements of Sonoro Energy Ltd. have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these 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.

SONORO ENERGY LTD.

Condensed Consolidated Interim Financial Statements
As at and for the three months ended March 31, 2016 and 2015

SONORO ENERGY LTD.
Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2016 and 2015
Canadian Dollars

		Three Months Ended March 31,			
			2016		2015
Expenses					
General and administrative	4	**$**	**(212,389)**	$	(250,335)
Depreciation of property, plant and equipment	6		**(1,833)**		(7,156)
Amortization of patents and intellectual property			**-**		-
Operating loss			**(214,221)**		(257,491)
Net finance income (loss)	5		**2,672**		20,868
Loss before other items		**$**	**(211,549)**	$	(236,623)
Other Income and Expenses					
Bad debt expense	9		**-**		(17,097)
Net loss for the year		**$**	**(211,549)**		(253,720)
Other Comprehensive Loss					
Exchange differences on translation of foreign operations			**-**		1,069
Total comprehensive loss for the year		**$**	**(211,549)**		(252,651)
Net Loss Attributable to:					
Shareholders of Sonoro Energy Ltd.			**(211,549)**		(253,720)
		$	**(211,549)**		(253,720)
Total Comprehensive Loss Attributable to:					
Shareholders of Sonoro Energy Ltd.			**(211,549)**		(252,651)
		$	**(211,549)**	$	(252,651)
Per Share Information					
Net loss per share – basic and diluted		**$**	**(0.00)**	$	(0.00)
Weighted average number of common shares outstanding	7		**56,413,243**		56,413,243

Nature of Business and Going Concern *(Note 1)*

SONORO ENERGY LTD.
Consolidated Statements of Financial Position

Canadian Dollars

	Note	March 31, 2016	December 31, 2015
ASSETS			
Current			
Cash and cash equivalents		**$ 2,993**	$ 11,171
Accounts receivable		**13,044**	4,806
Prepayments and other		**9,352**	19,232
		25,390	35,209
Property, plant and equipment	6	**28,522**	30,355
		$ 53,912	$ 65,564
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 722,954**	$ 523,056
		722,954	523,056
SHAREHOLDERS' EQUITY			
Share capital	7	**63,749,872**	63,749,872
Contributed surplus		**10,791,458**	10,791,458
Accumulated other comprehensive income/(loss)		**228,818**	228,818
Accumulated deficit		**(75,439,189)**	(75,227,640)
		(669,041)	(457,492)
		53,912	$ 65,564

Nature of Business and Going Concern *(Note 1)*
Contingencies and Commitments *(Note 10)*
Subsequent Event *(Note 12)*

ON BEHALF OF THE BOARD:

Richard Wadsworth, Director

David Robinson, Director

SONORO ENERGY LTD.
Consolidated Statements of Changes in Equity

Canadian Dollars

	Note	Common Shares Number		Common Shares Amount		Contributed Surplus		Accumulated Other Comprehensive Income/(loss) Foreign Currency Translation		Accumulated Deficit		Total
Balance at December 31, 2014		**56,413,243**	**$**	**63,749,872**	**$**	**10,791,458**	**$**	**216,152**	**$**	**(74,431,071)**	**$**	**326,411**
Loss and comprehensive loss for the year		**-**		**-**		**-**		**12,666**		**(796,569)**		**(783,903)**
Balance at December 31, 2015		**56,413,243**	**$**	**63,749,872**	**$**	**10,791,458**	**$**	**228,818**	**$**	**(75,227,640)**	**$**	**(457,492)**
Loss and comprehensive loss for the year		-		-		**-**		**-**		**(211,549)**		**(211,549)**
Balance at March, 31, 2016		**56,413,243**	**$**	**63,749,872**	**$**	**10,791,458**	**$**	**228,818**	**$**	**(75,439,189)**	**$**	**(669,041)**

Nature of Business and Going Concern *(Note 1)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements

SONORO ENERGY LTD.
Consolidated Statements of Cash Flow

For the three months enced March 31, 2016 and 2015
Canadian Dollars

	Note	2016	2015
Operating Activities			
Net loss for the year		**$ (211,549)**	$ (253,720)
Items not affecting cash and cash equivalents:			
Write off of bad debts	9	**-**	17,097
Depreciation of property, plant and equipment	6	**1,833**	7,156
Foreign exchange		**(2,672)**	(10,964)
		(212,389)	(240,431)
Net change in non-cash working capital related to operations	11	**204,211**	(61,047)
Cash flows used in operating activities		**(8,177)**	(301,478)
Investing Activities			
Net change in non-cash working capital related to investing	11	**-**	(10,975)
Cash flows from/(used in) investing activities		**-**	(10,975)
Increase/(decrease) in cash and cash equivalents		**(8,177)**	(312,453)
Cash and cash equivalents, beginning of year		**11,171**	530,930
Impact of foreign exchange on cash balances		**-**	18,047
Cash and cash equivalents, end of year		**$ 2,994**	$ 236,524
Cash Flow Supplementary Information			
Interest received		**-**	8

Nature of Business and Going Concern *(Note 1)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. Nature of business and going concern

Sonoro Energy Ltd. ("the Company") was incorporated February 4, 2000 in British Columbia, Canada and commenced trading on the TSX Venture Exchange ("the TSX-V") on November 29, 2000. Effective January 31, 2013, the Company's registered office is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada. The Company's corporate office is located at Suite 1000, 600 – 6th Avenue SW Calgary, Alberta, Canada.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The business of the Company consists of the exploration for, appraisal of and development and production of unconventional asphalt/bitumen resources in Iraq and the development of other technologies related to the energy and oil resource sector, including fly ash beneficiation, in Canada.

The Company operates in a jurisdiction that may be subject to frequent changes in government practices and policies. While the Company believes that it has a valid exploration license to explore Asphalt in the province of Salah ad Din, and has obtained an opinion from legal counsel to support this assertion, there may be political or legal changes in the future that could impact the Company's title to these assets.

Oil and gas operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The political and security situation in Iraq is unsettled and volatile. The political issues of federalism and the autonomy of the regions and provinces of Iraq are matters about which there are major differences between the various political factions in Iraq. These differences could adversely impact the Company's interest in the Salah ad Din province. The Company expects to incur expenditures in the future to explore, appraise and develop asphalt/bitumen resource assets, subject to Iraqi Federal and Provincial Governments regulatory approvals. The Company's ability to continue as a going concern is dependent on obtaining additional financing necessary to develop its asphalt/bitumen resource assets and generate profitable operations from the discovery of asphalt/bitumen resources in the future without significant adverse developments in the political and security situation as described above.

As at March 31, 2016, the Company continues to be in the initial stages of exploration of its asphalt/bitumen resource assets which is now in Force Majeure. For the three months ended March 31, 2016, the Company had no revenues, negative working capital of $697,564 (December 31, 2015 - $487,847), negative cash flows from operations of $8,177 (2015 - $301,478), a loss from operations of $211,549 (2015 - $253,720) and an accumulated deficit of $75,439,189 (December 31, 2015 - $75,227,640). Refer to Note 12 for the subsequent activity (including progress on an acquisition and financing), which will impact the future operations and activity of the Company.

As Force Majeure was filed on July 3, 2014 on the Asphalt License Agreement this may have a significant impact on the Company's ability to seek additional sources of capital. In December 2013, the Company completed a private placement for aggregate gross proceeds of $2,396,915 in order to progress its program in Iraq, and has been directly engaged with federal and provincial authorities in Iraq to expedite the approvals required to do so. During the 2015 the security situation in Iraq deteriorated with rebel forces claiming much of northern Iraq including areas within the License area and the city of Tikrit where the Provincial Government resides.

While these consolidated financial statements have been prepared on the assumption that the Company is a going concern, the above material uncertainties cast significant doubt on this assumption and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. Additionally, in order to meet its future commitments (see Note 10) regarding the Company's exploration, appraisal, development and production program in Iraq, the Company will need to raise additional funds. The Company will continue to evaluate various strategic alternatives, including but not limited to, farm-out, additional equity financing, mergers, acquisitions, alternative financings, and/or liquidation of its assets and reduction of costs to enable the Company to meet its short term obligations and to provide resources for sustainable future growth and development (Note 12).

The ability of the Company to continue as a going concern is dependent on the Company obtaining additional sources of capital, and no significant adverse legal, political and security developments in Iraq. Further, the Company is party to certain litigation matters, and notwithstanding the Company's belief that such matters will be decided in its favour, the results of litigation are inherently uncertain and may result in adverse rulings or decisions (Note 10). The Company may enter into settlements or be subject to judgments that may, individually or in the aggregate, have a material adverse effect on its business, financial condition, results of operations and prospects. Management of the Company continues to evaluate possible industry partnerships, equity and debt financing and regulatory approvals, but there is no assurance that these initiatives will be successful.

These financial statements do not reflect the adjustments, of which some could be material, to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption determined to be inappropriate.

2. Basis of preparation

a) Statement of compliance

These consolidated unaudited interim financial statements have been prepared following the same accounting policies the Company adopted in its audited annual consolidated financial statements for the year ended December 31, 2015. These financial statements should be read in conjunction with the Company's 2015 annual consolidated financial statements and in consideration of the additional disclosures included herein.

These unaudited consolidated interim financial statements were authorized for issuance by the Board of Directors on May 27, 2016.

3. Financial risk management

The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

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 the market interest rates. The Company's financial assets and liabilities are not exposed to significant interest rate risk due to either being short-term in nature or not bearing any interest.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company evaluates the collectability of amounts receivable and records an allowance for doubtful accounts which reduces receivables to the amount management reasonably believes will be collected. During the three months ended March 31, 2016,

the Company did not recorded bad debt expense, and for the three months ended March 31, 2015 $17,097 was charged to bad debts.

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and accounts receivable in the statement of financial position. All receivables are current as at March 31, 2016.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Such movements could materially impact the reported results of the Company. Currency risk arises when future commercial transactions and recognized assets and liabilities of the Company or its foreign operations are denominated in a currency that is not the functional currency of those entities. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Canadian Dollar, Euro and United States Dollar. The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations.

At March 31, 2016, the carrying amounts of the Company's foreign currency denominated monetary assets and liabilities subject to foreign exchange risk were net liabilities of $16,006 denominated in US dollars and net liabilities of EUR 30,868 (December 31, 2015 - $41,191). A change of 10 per cent in the exchange rate to foreign currencies would result in a change in pre-tax earnings of approximately $6,637 (December 31, 2015 - $5,709). This analysis assumes that all other variables, in particular interest rates, remain constant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short-term financial obligations when they become due. The Company prepares cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. At March 31, 2016, there existed negative working capital of $697,564 (December 31, 2015 - $487,847) available to fund operations. Additional information regarding liquidity risk is disclosed in Note 1 – Nature of Business and Going Concern.

Capital risk management

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 exploration for, appraisal of, and development and production of unconventional asphalt/bitumen resources in Iraq and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash, receivables and current liabilities.

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, enter into joint venture arrangements, acquire or dispose of assets or adjust the amount of cash. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. The Company has no external covenants. The Company's overall strategy remains unchanged from the prior year, however, the Company has embarked on a new strategy to acquire assets and undertaken a related financing offering. Additional information regarding capital risk management is disclosed in Note 1 – Nature of Business and Going Concern and Note 12 – Subsequent Events.

4. General & administrative

General and administrative expenses for the three months ended March 31, 2016 and 2015 are comprised of the following:

	2016	2015
	$	$
Employee salaries and benefits	**75,096**	91,392
Share based payments	**-**	-
Contractors and consultants	**12,500**	44,026
Travel and accommodation	**8,690**	5,110
Professional, legal and advisory	**70,502**	58,560
Office and administration	**45,600**	51,247
Research	**-**	-
	212,389	250,335

5. Net finance income (loss)

Net finance income (loss) for the three months ended March 31, 2016 and 2015 are comprised of the following:

	2016	2015
	$	$
Interest (expense)/income	**-**	(1,126)
Foreign exchange gain/(loss)	**2,672**	21,994
	2,672	20,868

6. Property, plant and equipment

	Office Assets $	Machinery and Equipment $	Total $
Cost			
At January 1, 2015	362,450	19,284	381,734
Additions	-	-	-
Disposals	(91,984)	(19,284)	(111,268)
Effect of movement in exchange rates	1,651	-	1,651
At December 31, 2015	272,117	-	272,117
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
At March 31, 2016	**272,117**	**-**	**272,117**
Accumulated depreciation			
At January 1, 2015	288,471	5,565	294,036
Additions	22,421	-	22,421
Disposals	(67,343)	(5,565)	(72,908)
Effect of movement in exchange rates	(1,787)	-	(1,787)
At December 31, 2015	241,762	-	241,762
Additions	**1,833**	**-**	**1,832.57**
Disposals	**-**	**-**	**-**
At March 31, 2016	**243,595**	**-**	**243,595**
Carrying amount			
At December 31, 2015	30,355	-	30,355
At March 31, 2016	**28,522**	**-**	**28,522**

7. Share capital

(i) Authorized

The authorized share capital of the Company consists of unlimited common shares without par value.

(ii) Issued and outstanding common share activity

There were no transactions for the three months ended March 31, 2016 or year ended December 31, 2015 (see Note 12).

(iii) Per share information

At March 31, 2016 and 2015, all share options and warrants were excluded from the calculation of diluted average shares outstanding as they were anti-dilutive.

	2016	2015
Basic common shares outstanding	**56,413,243**	56,413,243
Dilutive effect of :		
Share options outstanding	**-**	-
Total possible common shares outstanding	**56,413,243**	56,413,243

	2015	2015
Weighted average shares outstanding	**56,413,243**	56,413,243
Diluted weighted average shares outstanding	**56,413,243**	56,413,243

8. Share based payments

(i) Share options

The Company amended its share purchase option plan on June 29, 2010, whereby the Board of Directors may grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Board of Directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. The maximum aggregate number of Plan Shares that may be reserved for issuance under the Company's Plan is 10 percent of the number of Common Shares outstanding.

Options vest according to the length of service as follows:

Service greater than six months	Service less than six months
33.3% of options vest after six months	33.3% of options vest after twelve months
33.3% of options vest after twelve months	33.3% of options vest after eighteen months
33.4% of options vest after eighteen months	33.4% of options vest after twenty-four months

Movements in the number of stock options outstanding and their related weighted average exercise prices for the nine months ended September 30, 2015 and the year ended December 31, 2014 are summarized as follows:

During the year ended December 31, 2015, the Company cancelled all issued and outstanding options that had been granted on the stock option plan.

(ii) Share based payments

Share based payments expense is determined using the fair value method. The fair value of options granted is measured at the date of the grant and is determined using the Black-Scholes option pricing model. There were no options granted in the three months ended March 31, 2016 or year ended December 31, 2015 during the year.

9. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As a result of the Private Placement in December 2013, Geopetrol International Holding Inc. became the holder of 54.77% of the Company's common shares.

During the three months ended March 31, 2016, key management personnel compensation and director fees of $68,388 were paid or accrued, compared with $46,005 for the comparable period in 2015.

On November 10, 2011, the Company signed a Promissory Note with Berkeley in favour of the Company, for the amount of $500,000 in United States currency. The outstanding portion of the Principal Amount will bear interest at the rate of six per cent (6%) per annum, compounded monthly from and including the Commencement Date to and including the Maturity Date of June 30, 2013. This Maturity Date had been granted an extension by the Company from the previous Maturity Date of July 31, 2012, as disclosed in the financial statement for the period ending June 30, 2012. A further extension was granted by the Company to June 30, 2013. Total interest in the amount of $43,346 USD was accrued to June 30, 2013 (2012 - $11,780) and this interest was deducted from May 2013 consulting fees paid to the AMIRA Management BV, a related company.

At June 30, 2013 Berkeley had not made payment on the note. As a result, the Company issued a Notice of Default and Request for Payment to Berkeley in July 2013. Under IAS 39 – Financial Instruments, the Company is required to recognize a financial asset as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. One of these events is "a breach of contract, such as default or delinquency in interest or principal payments". Given the issuance by the Company of the aforementioned Notice of Default, this asset requires a review for impairment.

Further, IFRS 7 – Financial Instruments: Disclosure requires "an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining that they are impaired." The factors for the impairment are indicated above. As a result, a charge to income of $592,410 was recorded against Bad debt expense in 2013.

The Company retains a valid and legally-binding contract with Berkeley regarding this loan. The Company will continue to pursue Berkeley for full payment of the principal and outstanding interest.

During the three months ended March 31, 2016, Geopetrol Iraq Corp. shared costs of $Nil were charged to the Geopetrol account (2015 - $17,097). The amounts from 2015 have been impaired due to collection uncertainty.

As at March 31, 2016, $132,981 amounts (December 31, 2015 - $76,729) were owing to directors or officers, with respect to salaries, benefits and consulting fees. These amounts are non-interest bearing, have no specific terms of repayment and are included in accrued liabilities.

As at March 31, 2016, there is a $15,000 (2015 - $15,000) commitment relating to change of control or termination of employment without cause of the key management personnel.

10. Contingencies and commitments

i) In December 2015, the Company entered into an office lease agreement. Under the terms of the lease, the Company will responsible to pay $3,270 per month until February, 2017. For the remainder of 2016, the Company anticipates paying gross rent under the lease of $29,437 and $6,541 in 2017.

i) On October 3, 2010, the Company entered into a License with the provincial government. The terms of the license require that the licensee make an investment of US$1,500,000 on exploration activities and construct a 1,000 barrel per day topping facility within the first 18 months from the effective date. The effective date license has been determined to be April 14, 2011. The provincial government has agreed to extend the time limit prescribed in the license for construction of the topping facility. The previous deadline of October, 2012 has been extended to eighteen months following a commercial discovery. As a result of the Force Majeure declaration, all commitments and work programs have been deferred. Once full operations are restored, the forward work program and commitment timeline will be reviewed with the Government (Note 1).

ii) In 2007 the Company filed a construction lien and claim for payment against Hazco Environmental Services Ltd. (“Hazco”), a division of CCA Income Trust Inc., CCS Inc. and ABB Inc. (“ABB”) in respect of Sonoro’s supply of labour, services and materials related to the treatment and remediation of contaminated soil at a site owned by ABB Inc. located at 2401 Dixie Road in Mississauga, Ontario. Subsequently XCG Consultants Ltd. (“XCG”) and Hazco also filed lien claims against ABB. Hazco and ABB have defended themselves against Sonoro’s claims and ABB have filed counterclaims against XCG, Hazco, Sonoro and Church and Trout (“CTI”) that certain work was performed improperly and/or that deficiencies existed in said work. Sonoro is defending the ABB counterclaims in respect of Sonoro and Sonoro’s insurers at the time, Zurich Insurance, are paying a majority of the costs related to this defence. Sonoro believes that there is no reliable estimate of the potential outcome of the case, therefore no provision is made in the financial statements for the claim.

ABB also claimed against Sonoro for the removal of contaminated filters allegedly left at the site. ABB is seeking $550,000 from the Company in relation to the identification of the problem and the removal of the filters and the material contained therein. Management estimates the cost to remove the filters to be $151,428, which has been accrued as a liability. The Company does not expect to incur any further expenditure related to this lawsuit. On May 20, final releases were issued between ABB and Sonoro with final settlements having been reached. Sonoro expects that limited further costs will be incurred and will account for this outcome in the next interim statements.

11. Supplemental cash flow information

Non-cash working capital components:

	For the three months ended March 31,	
	2016	2015
	$	$
Net change in non-cash working capital related to operations:		
Accounts receivable	**(8,238)**	(30,095)
Prepaid expenses	**9,880**	(18,783)
Accounts payable and accrued liabilities	**199,898**	4,229
	201,539	(44,649)
Net change in non-cash working capital related to investing:		
Accounts receivable	**-**	(1,328)
Prepaid expenses	**-**	39,342
Accounts payable and accrued liabilities	**-**	(62,283)
	-	(24,269)
Net change in non-cash working capital related to financing:		
Accounts receivable	**-**	-
Prepaid expenses	**-**	-
Accounts payable and accrued liabilities	**-**	-
	-	-

12. Subsequent Event

On March 7, 2016 the Company entered into a share purchase agreement (the “SPA”) among Stockbridge Oil and Gas Ltd (“Stockbridge”) and the shareholders of Stockbridge (the “Stockbridge Shareholders”) to purchase all of the issued and outstanding shares of Stockbridge (the “Stockbridge Shares”). The Company, Stockbridge and the shareholders of Stockbridge entered into an amending agreement on April 25, 2016 to the SPA to provide for an outside closing date of May 30, 2016. In addition, the Company wishes to clarify that Chris Atkinson, a director of the Company, is a non-arm’s length party to the Transaction, as he is also a director of Mercia Investment Ltd., one of the Stockbridge Shareholders selling its Stockbridge Shares to the Company pursuant to the SPA. As a result, the Transaction is a “Related-Party Transaction” under Multilateral Instrument (“MI”) 61-101. However, the Company is exempt from having to obtain minority Company shareholder approval for the Transaction pursuant to the financial hardship exemption under MI 61-101.

With respect to the previously announced private placement on March 8, 2016, the Company still intends to seek to raise up to a maximum of $1.5 million by way of a non-brokered private placement (the “Offering”) of a maximum of 300 million common shares of the Company (“Common Shares”) at a price of $0.005 per Common Share. The Company closed an initial tranche (the “Initial Tranche”) of $240,000, representing the issuance of 48 million shares, on April 28, 2016. The Company expects to close on the remaining tranche (the “Final Tranche”) for at least an additional $860,000 (and up to $1.26 million should demand warrant), representing the issuance of up to an additional 172 million Common Shares (and up to 252 million Common Shares should demand warrant) on or about May 30, 2016, concurrent with the closing of the Transaction. In addition, the Company wishes to clarify that it may pay finders a 6% commission on any funds raised in either the Initial Tranche or the Final Tranche, subject to TSX Venture Exchange (“TSX Venture”) approvals.

The Offering is still being made pursuant to a waiver granted by the TSX Venture which permits the Company to offer the Common Shares at a price below the TSX Venture’s $0.05 minimum pricing requirement.

Stockbridge Oil and Gas Ltd. is a private British Virgin Island Corporation which indirectly wholly owns Stockbridge Budong-Budong BV, a Netherlands corporation, that holds a Production Sharing Contract (“PSC”) for oil and gas exploration and production rights covering 1,094 km2 onshore, located in the Budong Budong subdistrict in the province of West Sulawesi, Indonesia.

Both the Final Tranche and the Transaction are expected to close on or before May 31, 2016.

Completion of both the Offering and the Transaction remains subject to final approval from the TSX Venture.