PetroMaroc Corporation plc
Interim Condensed Consolidated Financial Statements
March 31, 2015
(Unaudited)

Contents

PetroMaroc Corporation plc
Condensed Consolidated Statements of Financial Position
In United States Dollars
(Unaudited)

	Notes		March 31, 2015		December 31, 2014
Assets					
Current					
Cash and cash equivalents		$	**705,169**	$	1,426,473
Other current assets			**76,532**		108,209
Investment and advances			**135,871**		155,775
Restricted cash	**3**		**3,100,019**		3,100,019
			4,017,591		4,790,476
Non-current					
Exploration and evaluation assets	**4**		**35,776,234**		35,633,245
Property and equipment			**76,775**		84,135
			35,853,009		35,717,380
		$	**39,870,600**	$	40,507,856
Liabilities					
Current					
Accounts payable and accrued liabilities		$	**4,015,745**	$	3,916,001
Convertible debentures	**5**		**7,167,989**		-
			11,183,734		3,916,001
Convertible debentures	**5**		**-**		7,673,445
Derivative financial liability	**5**		**59,855**		77,650
Warrant value attributed in financings	**6**		**-**		9,149
Decommissioning obligations	**7**		**1,020,688**		1,016,896
			12,264,277		12,693,141
Shareholders' Equity					
Share capital	**8**		**53,291,000**		53,253,792
Share based payment reserve			**4,742,918**		4,639,737
Deficit			**(30,427,595)**		(30,078,814)
			27,606,323		27,814,715
		$	**39,870,600**	$	40,507,856

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

PetroMaroc Corporation plc
Condensed Consolidated Statements of Operations and Comprehensive Loss
In United States Dollars
(Unaudited)

For the Three Month Period Ended March 31,	Notes		2015		2014
Expenses					
Administrative		**$**	**540,832**	$	835,405
Share based payments	**8**		**91,292**		99,646
Exploration and evaluation	**4**		**19,957**		30,000
Depreciation			**7,360**		12,839
Accretion of decommissioning obligation	**7**		**3,792**		2,807
Finance costs			**302,444**		-
Foreign exchange loss (gain)			**(586,973)**		66,899
			378,704		1,047,596
Other income					
Finance income:					
Interest			**2,796**		2,680
Derivative gain			**17,978**		-
Warrant fair value adjustment			**9,149**		-
			29,923		2,680
Net loss and comprehensive loss for the period		**$**	**(348,781)**	$	(1,044,916)
Net income (loss) per share					
- **Basic and diluted**		**$**	**(0.003)**	$	(0.01)
Weighted average shares outstanding					
- **Basic and diluted**			**101,491,272**		81,149,037

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

PetroMaroc Corporation plc
Condensed Consolidated Statements of Changes in Shareholders' Equity
In United States Dollars
(Unaudited)

	Share Capital	Share Based Payment Reserve	Deficit	Total Equity
Balance, December 31, 2014	$ 53,253,792	$ 4,639,737	$ (30,078,814)	$ 27,814,715
Net loss for the period	-	-	(348,781)	(348,781)
Issue of shares	37,208	-	-	37,208
Share-based payments	-	103,181	-	103,181
Balance, March 31, 2015	$ 53,291,000	$ 4,742,918	$ (30,427,595)	$ 27,606,323

	Share Capital	Share Based Payment Reserve	Deficit	Total Equity
Balance, December 31, 2013	$ 50,731,693	$ 4,139,390	$ (22,832,947)	$ 32,038,136
Net loss for the period	-	-	(1,044,916)	(1,044,916)
Share-based payments	-	133,109	-	133,109
Balance, March 31, 2014	$ 50,763,693	$ 4,272,499	$ (23,877,863)	$ 31,126,329

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

PetroMaroc Corporation plc
Condensed Consolidated Statements of Cash Flows
In United States Dollars
(Unaudited)

For the three month period ended March 31,	Notes		2015		2014
Cash flows from (used in) operating activities					
Net loss for the period		**$**	**(348,781)**	$	(1,044,916)
Items not involving cash:					
Foreign exchange loss (gain)			**(596,594)**		5,628
Stock based compensation	**8**		**91,292**		99,646
Accretion expense	**7**		**3,792**		2,807
Depreciation			**7,360**		12,839
Non-cash finance costs			**111,226**		-
Derivative gain			**(17,978)**		-
Warrant fair market value adjustment			**(9,149)**		-
Changes in non-cash working capital balances:					
Other current assets			**31,677**		326
Accounts payable and accrued liabilities			**36,985**		(582,245)
Cash flow used in operating activities			**(690,170)**		(1,505,915)
Cash flows from (used in) financing activities					
Loan payable			**-**		-
Exercise of warrants			**-**		-
Cash flow from financing activities			**-**		-
Cash flows from (used in) investing activities					
Expenditures on property and equipment			**-**		(9,722)
Expenditures on exploration and evaluation assets			**(31,134)**		(8,004,787)
Restricted cash	**3**		**-**		(181)
Cash flow provided by (used in) investing activities			**(31,134)**		(8,014,690)
Decrease in cash and cash equivalents			**(721,304)**		(9,520,605)
Effect of change of exchange rate changes on cash			**-**		(5,628)
Cash and cash equivalents, beginning of period			**1,426,473**		12,305,037
Cash and cash equivalents, end of period		**$**	**705,169**	$	2,778,804

Supplemental information					
Interest paid		**$**	**-**	**$**	-
Corporate Taxes paid		**$**	**-**	**$**	-

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

In United States Dollars

March 31, 2015

1. Corporate Information

PetroMaroc Corporation plc ("PetroMaroc" or "the Company"), formerly Longreach Oil and Gas Limited is a publicly traded corporation on the TSX Venture Exchange ("TSX-V") under the trading symbol PMA. The Company is engaged in the evaluation, acquisition, exploration and development of oil and gas properties in Morocco with one exploration licence (*Sidi Moktar onshore).* At the June 16, 2014 Annual and Special Meeting, the shareholders of the Company approved the change of the name from Longreach Oil and Gas Limited to PetroMaroc Corporation plc.

PetroMaroc is a Jersey limited company governed by the Companies (Jersey) Law 1991 (the "CJL"). The registered office of the Company is located at Queensway House, St Helier, Jersey, Channel Islands.

The following sets out the operating subsidiaries of the Company and the Company's ownership interest in those subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership
Longreach Oil and Gas Ventures Limited	Jersey, Channel Islands	100%
Longreach Oil and Gas (Canada) Limited	Canada	100%
Longreach Oil and Gas (UK) Ltd.	United Kingdom	100%

2. Basis of Presentation

Statement of compliance
These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed consolidated financial statements were authorised for issue by the Board of Directors on May 21, 2015. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the warrants associated with the equity financing which are measured at their estimated fair value. The condensed consolidated financial statements have been prepared using the same accounting policies and methods as the consolidated financial statements for the year ended December 31, 2014.

Going concern assumption
The Company is in the process of exploring its oil and gas properties and has not yet established whether the properties contain reserves that are economically recoverable. The recovery of amounts capitalised for the Company's remaining property interest of Sidi Moktar on the consolidated statement of financial position is dependent upon the existence and development of economically recoverable hydrocarbons. The ability of the Company to complete the exploration and/or development of the Sidi Moktar property requires additional financing either directly or through a joint venture and the Company successfully negotiating the terms of the next phase of the licence agreement. To date, the Company has not earned revenues relative to its costs incurred for exploration activities, nor established commerciality of the Sidi Moktar licence subsequent to exploration costs incurred to-date.

These condensed consolidated interim financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realise its assets and discharge its liabilities in the normal course of operations, which is subjective. The ongoing activities are dependent upon its ability to obtain sufficient financing to fund its current and future operations. The Company currently has a working capital surplus of $1,846 (excluding the convertible debenture) including $3.1 million in respect to restricted cash bank guarantees (Note 3 and Note 9), which are expected to be recovered in the current year.

2. Basis of Presentation - continued

Commitments due in less than twelve months of approximately $4.5 million including, $1.2 million for estimated Zag penalty costs which may be payable following the operator not drilling the exploration well by May 2015 (Note 9(b)), $0.9 million for debenture interest costs (Note 5), and $2.4 million for estimated general and administrative costs and continued exploration and evaluation work.

In April 2015, PetroMaroc Corporation plc failed to meet the interest payment due on March 31, 2015 (the interest coupon due on March 31st, 2015 is accrued in these Financial Statements), on its CAD $9.7 million principal amount of 10 percent secured convertible debentures. PetroMaroc is required to make quarterly interest payments on the debentures on each of March 31st, June 30th, September 30th and December 31st until April 10, 2016. The Company has 30 days within which to pay the interest under the debentures before triggering an event of default. Failure to pay the interest within this time period allows the debenture holders to declare the CAD $9.7 million principal amount and all accrued interest on the debentures immediately due and payable, and to begin proceedings to realize upon the security held in connection with the debentures. The debentures are collateralized by substantially all of PetroMaroc's assets, including the Company's Sidi Moktar exploration licence. One of the convertible debenture holders, holding 51 percent of the principal amount owing under the convertible debentures has agreed to defer payment of the quarterly interest payments until the maturity date (via a Waiver agreement), including the March 31, 2015 interest payment, resulting in a reduced amount of CAD $105,589 required to be paid to the remaining two debenture holders for each quarterly interest payment due on March 31st, June 30th, September 30th, and December 31st. In respect to the waiver agreement, a fee (the Consideration Fee) equal to 10% of the Deferred Interest Payments will be payable on the Maturity Date.

The ability of the Company to meet its commitments and costs is dependent upon the raising additional capital by issuing equity securities (which may include a rights offering or private placement), debt financing, or by a partial sale on its working interests to an industry partner. The Company appointed Dundee Securities in November 2014 as financial adviser to make recommendations and assist management in assessing the strategic options available, to provide additional capital Company or by way of attracting an industry partner.

Additional capital is required before the end of June 2015 if the Sidi Moktar restricted cash bank guarantee is not received prior to then. Even with the Sidi Moktar restricted cash release in 2015, additional capital will be required before the end of September 2015 for the Company to continue its current operations.

Future financings will be required in order to fund the short-term, medium-term and long-term exploration and evaluation program however, there is no certainty that such financings will be obtained on terms acceptable to management. This uncertainty casts significant and material doubt about the ability of the Company to continue as a going concern. The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. Should the going concern basis not be appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying value of property and equipment, liabilities, the reported expenses, and the classifications used in the consolidated statement of financial position. Such adjustments will be material.

In United States Dollars

2. Basis of Presentation - continued

Functional and presentation currency

These condensed consolidated financial statements are presented in United States ("US") Dollars, which is the Company's functional currency. The following are the US Dollar foreign exchange rates at the respective periods:

Currency	March 31, 2015	December 31, 2014	March 31, 2014
Average rate for the period:			
Pounds Sterling	0.6597	0.6072	0.6042
Canadian Dollar	1.2383	1.1041	1.1019
Euro	0.8871	0.7535	0.7297
Moroccan Dirhams	9.5400	8.3343	8.1088
Period end rate:			
Pounds Sterling	0.6740	0.6437	0.6009
Canadian Dollar	1.2642	1.1627	1.1058
Euro	0.9215	0.8226	0.7271
Moroccan Dirhams	9.7818	9.0062	7.9612

Use of estimates and judgments

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of theses condensed interim financial statements are detailed in Note 2 in the annual financial statements.

3. Restricted Cash

The Company has a restricted cash balance, which represents the following bank deposits securing licenses as follows:

	In favor of		March 31, 2015		December 31, 2014
Sidi Moktar farm-in arrangement *(Note 9(a))*	MPE	$	**2,500,000**	$	2,500,000
Zag exploration licence	San Leon		**600,000**		600,000
Other	Barclays		**19**		19
			3,100,019		3,100,019
Current portion of restricted cash			**(3,100,019)**		(3,100,019)
		$	**-**	$	-

The Company has requested a release of the $2,500,000 restricted cash held for the Sidi Moktar farm-in arrangement (Note 9(a)). The release of this cash is subject to approvals by ONHYM and MPE. Management expects these approvals to be received in 2015.

Additional details with respect to the work commitments of the licences are as disclosed in Note 9.

In United States Dollars

4. Exploration and Evaluation Assets

Balance, December 31, 2014	$	35,633,245
Additions		142,989
Balance, March 31, 2015	$	35,776,234

Exploration and evaluation assets consist entirely of costs pertaining to licences in Morocco, the carrying value at March 31, 2015 relating to the Sidi Moktar licence. The evaluation of the technical feasibility or commercial viability of the Sidi Moktar licence has not been established.

During the period, the Company capitalised $58,800 (Q1 2014 - $59,411) of administrative salaries and costs and $11,889 (Q1 2014 - $33,463) related to share based payments directly related to exploration and evaluation activities on the Sidi Moktar license.

5. Convertible Debenture

On April 10, 2014, PetroMaroc issued $9.7 million (CAD) of convertible secured debentures (the “Debentures”) with an annual coupon rate of 10% maturing on April 10, 2016. The Debentures have a face value of $1,000 (CAD) per debentures, following the first anniversary the Debentures are convertible into common shares at the option of the holder at the greater of $0.30 (CAD) and the market price at the time of conversion based on a 20 day volume weighted average price. The Debenture subscribers were also issued 9,700,000 warrants exercisable at $0.30 (CAD) until April 10, 2016.

On issuance, the Debentures were split between the financial liability and the equity conversion feature (which is classified as a derivative financial liability under IFRS). The financial liability portion was determined by subtracting issuance costs, the fair value of the warrants issued and the fair value of the conversion feature from the principal of the Debenture.

On April 10, 2014, the value classified as convertible debentures liability amounted to $8,583,752 (gross of commissions, legal costs and value attributed to the warrants) and the value classified as a derivative financial liability amounted to $239,638. The fair value of the equity conversion feature is estimated every balance sheet date with changes in the fair value estimate between periods recognized in the consolidated statement of operations and comprehensive income/loss.

The following table summarizes the accounting for the debentures:

		Liability		Derivative Financial Liability		Total
Balance at December 31, 2014	$	7,673,445	$	77,650	$	7,751,095
Accretion and amortization of debt issuance costs		111,226		-		111,226
Derivative gain		-		(17,795)		(17,795)
Foreign exchange gain		(616,682)		-		(616,682)
Balance at March 31, 2015	$	7,167,989	$	59,855	$	7,227,844

The liability portion is measured at amortized cost and will accrete up to the principal balance at maturity using the effective interest rate method. The accretion, interest paid and amortization of debt issuance costs are charged to finance expense in the consolidated statement of comprehensive income/loss. The derivative financial liability is measured at fair value through profit or loss, with changes to the fair value being recorded in finance expense.

In United States Dollars

5. Convertible Debenture - continued

Finance costs of $302,444 include the accretion and amortization of debt issuance costs of $111,226 and $191,121 of debenture interest.

As disclosed in Note 2, the Company is in default with respect to the convertible debenture finance agreement for failing to make the March 31st 2015 interest payment by April 30th 2015, therefore the convertible debentures have been classified as a current liability.

6. Warrant Value Attributed in Financings

Warrants issued and outstanding:

	March 31, 2015			December 31, 2014		
	Warrants		**Amounts**	Warrants		Amounts
Warrants						
Opening balance	**19,700,000**	**$**	**9,149**	-	$	-
Issued in convertible debenture financing (Note 5)	**-**		**-**	9,700,000		431,811
Issued in private placement	**-**		**-**	10,000,000		53,061
Exercised - non-compensatory	**-**		**-**	-		-
Expired – non-compensatory	**-**		**-**	-		-
Expired – compensatory	**-**		**-**	-		-
Fair value adjustment	**-**		**(9,149)**	-		(475,723)
Balance, end of period	**19,700,000**	**$**	**-**	19,700,000	$	9,149

Only values related to the non-compensatory warrants have been included in this table and do not include the compensatory warrants included in equity (Note 8(b)).

Each non-compensatory warrant is measured at fair value quarterly using the Black-Scholes options pricing model. The fair value of warrants was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	March 31, 2015
Number outstanding re-valued warrants, end of period	**19,700,000**
Fair value of warrants outstanding	**CAD$0.0005**
Risk free interest rate	**1.07%**
Expected life	**1.02 - 1.09 years**
Expected volatility	**65%**

There were no non-compensatory warrants outstanding at March 31, 2015.

The following tables summarises the warrants outstanding and exercisable at March 31, 2015:

Number of warrants	Warrant Type	Exercise price (CAD $)	Expiry date
9,700,000	Non-compensatory	$0.30	April 10, 2016
10,000,000	Non-compensatory	$0.30	May 4, 2016
19,700,000			

In United States Dollars

7. Decommissioning Obligations

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the estimated obligation associated with the decommissioning of oil and natural gas properties.

	March 31, 2015	December 31, 2014
Obligation, beginning of period	**$ 1,016,896**	$ 752,051
Liabilities incurred	**-**	250,000
Change in estimated cash flows	**-**	746
Accretion expenses	**3,792**	14,099
Obligation, end of period	**$ 1,020,688**	$ 1,016,896

The undiscounted amount of cash, required to settle the current decommissioning obligations on the Koba and Kamar wells, adjusted for inflation, is estimated at $1,057,400. The obligations were calculated using a risk free discount rate of 1.50 percent and an inflation rate of 2.0 percent. It is expected that the costs are expected to occur in 2017 but this may be extended following the final results of the Koba-1 and Kamar-1 wells, and an extension of the Sidi Moktar license.

8. Share Capital

(a) Authorised
Unlimited number of Common Shares without nominal or par value.

(b) Issued

	March 31, 2015	
	Issued	**Amounts**
Common Shares		
Opening balance	**101,149,037**	**$ 53,253,792**
Debt settlement (i)	**789,772**	**37,208**
Balance, end of period	**101,938,809**	**$ 53,291,000**
Warrants		
Balance, beginning and end of period	**19,700,000**	**$ -**
		$ 53,291,000

(i) On February 20, 2015, the Company issued 789,772 shares at a price of $0.06 per share by way of payment to settle a Convertible debenture interest payment of $47,386 (CAD).

(c) Stock options
The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase from treasury a number of common shares not exceeding 10% of the common shares that are outstanding from time to time which is the number of shares reserved for issuance under the plan. The options vest at various rates as determined by the Board. The maximum term of the options is five years. The options are non-transferable if not exercised.

In United States Dollars

8. Share Capital - continued

A summary of the status of the Company's stock option plan as at March 31, 2015 is presented below:

Stock Options	March 31, 2015 Number of options	March 31, 2015 Weighted average Exercise Price (CAD $)
Beginning of period	**7,101,426**	**$0.34**
Granted	**-**	**-**
Exercised	**-**	**-**
Expired/Forfeited	**(300,000)**	**$0.30**
End of period	**6,801,426**	**$0.35**
Exercisable, end of period	**2,256,426**	**$0.84**

Date of Grant	Number Outstanding	Exercise Price (CAD $)	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable March 31, 2015
May 22, 2012	25,000	$0.60	2.15 years	May 22, 2017	16,667
December 21, 2012 [(i)]	139,284	$0.54	0.04 years	April 15, 2015	139,284
December 21, 2012	687,142	$1.18	1.91 years	February 28, 2017	687,142
January 15, 2013	2,120,000	$0.70	2.79 years	January 15, 2018	1,413,333
April 30, 2014	3,830,000	$0.30	4.08 years	April 30, 2019	-
	6,801,426		3.37 years		2,256,426

(i) *Subsequent to March 31, 2015, these options expired unexercised.*

9. Commitments and Contingencies

(a) Sidi Moktar Farm-in

On May 16, 2012, PetroMaroc entered into a Farm-in Agreement with Maghreb Petroleum Exploration S.A. ("MPE"). Pursuant to the Farm-in Agreement, PetroMaroc will acquire a 50% interest in the onshore Sidi Moktar exploration licences referred to as Sidi Moktar West, Sidi Moktar South and Sidi Moktar North located in the Essaouira Basin in Central Morocco. In consideration for the acquisition of that interest, PetroMaroc will be responsible for carrying out a work programme of acquiring, processing and interpreting new seismic data and drilling two earning wells by August 28, 2017. The Company has requested for the Kamar well to satisfy the minimum work commitment of the Second Extension period of the Sidi Moktar Petroleum Agreement. With respect to this and other completed work commitments, the Company has posted a bank guarantee of $2.5 million (Note 3), which the Company believes will be released in 2015, as the Company has met all of these commitments pursuant to the Farm-in Agreement.

9. Commitments and Contingencies - continued

(b) Zag licence

Included in restricted cash is $0.6 million related to certain work commitments that need to be completed by May 2015. The Company committed to its percentage share of further geophysical studies and the drilling of one exploratory well however, the operator subsequently failed to complete these commitments within the required licence period and PetroMaroc may be subject to a penalty of $1.2 million which has been accrued in these financial statements. The $0.6 million of restricted cash will be available to offset this estimated penalty. The Company has also entered into an agreement with the operator whereby if the licence is sold, farmed-out or other triggering event occurs, PetroMaroc may be liable for up to $1.1 million to the operator. This liability has not been recorded at the balance sheet date as a triggering event has not occurred.

(c) Sidi Moussa licence

On July 30, 2014, the operator of the Sidi Moussa licence, Genel, spudded the Nour-1 exploration well which is located in 1,000 metres of water approximately 59 kilometres offshore Morocco, targeting Mid-Jurassic / Upper Jurassic reservoirs. PetroMaroc's dry hole exploration well net share of costs were estimated to be approximately $1 million. Prior to entering the potential reservoir horizons, the Company entered formal discussions with the operator and partners on the licence to transfer its 1.5% working interest, in order to avoid a potential default situation on cash calls. In early October the Company successfully executed the transfer of its working interest to one of the partners on the licence, following which, the net cost for the Nour-1 well will be $nil. This transfer will be effective upon the approval of the Moroccan authorities (joint Ministerial orders).

10. Financial Instruments

The Company may hold various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to, credit, and foreign exchange risks remain unchanged from December 31, 2014. The Company manages its exposure to these risks by operating in a manner that minimises its exposure to the extent practical.

Foreign Currency Exchange Risk

The Company operates on an international basis and therefore foreign exchange risk exposures arise from transactions denominated in currencies other than USD. The Company is exposed to foreign currency fluctuations as it holds cash and incurs expenditures in property and equipment in foreign currencies. The Company incurs expenditures in Pound Sterling, Euros, Moroccan Dirhams and Canadian Dollars and is exposed to fluctuations in exchange rates in these currencies. There are no exchange rate contracts in place at March 31, 2015 or December 31, 2014.

Assuming all other variables remain constant, a 1% increase or decrease in foreign exchange rates on the foreign cash balances at March 31, 2015 would have impacted the cash flows of the Company during the 2014 first quarter by approximately $4,000 (2014 - $7,000). A 1% increase or decrease in foreign exchanges on the convertible debenture would have impacted the cash flows of the Company during the 2015 period by approximately $110,800.

Additional disclosure with respect to the Company's financial instruments is included in Note 13 in the Company's annual financial statements.

11. Capital Risk Management

The Company defines capital as total debt and shareholders' equity. The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and sustain future development of the business.

The objectives when managing capital are to safeguard the ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimises the costs of capital at an acceptable level of risk.

As the Company business plan is capital intensive, the majority of the spending is related to capital programs. The Company goals are to prudently spend its capital. As circumstances change, liquidity risks may necessitate the Company to issue equity, obtain debt finance, or divest assets. The estimated commitments, in addition to those recorded in the consolidated financial statement and further details of liquidity are discussed in Note 9. The accounts payable have general terms of 30 days from receipt of the invoice or joint venture billing. The convertible debenture is due on April 10, 2016 (Note 5) however, given the default on the March 2015 interest payment the convertible debenture has been classified as a current liability. Note 2 further discusses the ability of the Company to meet its obligations as they come due.

The Company manages the capital structure and makes adjustments to it in light of the 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 debt, acquire, or dispose of assets. In order to facilitate the management of its capital requirements the Company prepares an annual expenditure budget that is updated as necessary, depending on various factors. The Company has not changed its approach to capital management during the current year. The Company is not subject to any external capital restrictions. PetroMaroc will be required to complete debt or equity financing to fund its exploration and development plans.

The Company currently has a working capital surplus of $1,846 (excluding the convertible debenture, including $3.1 million restricted cash) and commitments due in less than twelve months of approximately $4.5 million, including $1.2 million for estimated Zag penalty costs which may be payable following the operator not drilling the exploration well by May 2015 (Note 9(b)), $0.9 million for debenture interest costs (Note 5), and $2.4 million for estimated general and administrative costs and continued exploration and evaluation work. The ability of PetroMaroc to meet these commitments and repay the $9.7 million (CAD) debenture (Note 5) that is currently in default as a result of PetroMaroc not making the March 31, 2015 interest payment is dependent upon raising additional financing by issuing equity securities, or by a partial sale on its working interests with an industry partner. The Company appointed Dundee Securities as financial adviser in November 2014 to make recommendations and assist management in assessing the strategic and financial options available to provide additional capital to the Company, by way of attracting an industry partner.

12. Subsequent Events

Except as disclosed elsewhere in these consolidated financial statements, the Company had the following subsequent events:

In April 2015, PetroMaroc completed a shares-for-debt settlement with the remaining two convertible debenture holders. Under this settlement, PetroMaroc issued 3,285,115 common shares of the Company at a deemed price of six cents per share (CAD), in satisfaction of making a cash payment to the debenture holders in the amount of $197,106.85 (CAD), in respect to the 2014 fourth quarter debenture interest coupon, which was due and payable on December 31, 2014.