VIRTUS OIL AND GAS CORP.
BALANCE SHEET
(Unaudited)

ASSETS	May 31, 2016	November 30, 2015
Current Assets		
Cash	$ 8,714	$ 2,990
Certificate of Deposit	30,000	30,000
Total Current Assets	38,714	32,990
Property and equipment net	2,189	2,189
Oil and gas properties, net	100,000	----
Total Assets	$ 140,903	$ 35,190
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable and accrued expenses	$ 1,545,886	$ 1,774,989
Convertible notes payable, net	726,064	494,297
Accrued interest	35,518	
Derivative liability	568,439	709,826
Total Current Liabilities	2,875,907	2,979,112
Stockholder's Equity (deficit)		
Common Stock,$0.001 par value,500,000,000 shares authorized,12,394,207 shares Issued and outstanding as of May 31, 2016: 150,000,000 shares authorized 58,034,938 issued and authorized as of November 31, 2015	12,394	58,035
Additional paid in capital	6,313,630	5,362,954
Accumulated Deficit	(9,061,028)	(8,364,921)
Total stockholders' equity (deficit)	(2,735,004)	(2,294,932)
Total liabilities and stockholders' equity	$ 140,903	$ 35,180

See accompanying notes to the financial statements

VIRTUS OIL AND GAS CORP
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended May 31		For the Six Months Ended May 31	
	2016	2015	2016	2015
Revenue	$ ---	$ ----	$ -----	$ ---
Operating expenses				
General and Administrative	16,199	477,264	28,728	910,916
Professional Fees	63,502	115,098	472,471	218,626
Total operating expenses	79,702	592,362	501,199	1,129,562
Operating loss	(79,702)	(592,362)	(501,199)	(1,129,562)
Other Income (expense)				
Interest Expense	(17,148)	(681)	(38,702)	(681)
Discount Amortization	(356,382)	(7,885)	(515,517)	(7885)
Change in derivative liability	370,886	10,955	(9,411)	10,955
Debt settlement	260,787	-----	260,787	----
(Gain)loss on convertible debt conversion	150,799	- ----	107,936	- ---
Total other income (expense)	408,942	2,389	(194,907)	2,389
Net Income (loss)	$ 329,240	$ (589,973)	$ (696,106)	$ (1,127,173)
Weighted average number of common Share outstanding- basic and fully diluted Restated for 1 to 10 reverse split	10,277,897	5,117,072	10,277,891	5,074,526
Net income (loss) per share Basic and fully diluted	$ 0 .03	$ (0.11)	$ (0.06)	$ (0.22)

See Accompanying Notes to the Financial Statements

VIRTUS OIL AND GAS CORP.
STATEMENT OF CASH FLOWS
(Unaudited)

	Common Shares Outstanding	Par Value 0.001	Additional Paid in Capital	Accumulated Deficit
Balance, November 30, 2015	**58,034,938**	**$ 58,035**	**$ 5,362,954**	**$ (8,364,921)**
Quarter ending February 2016				
Shares issued for convertible debt	27,178,763	27,179	251,275	
Shares issued for services	1,630,009	1,630	27,700	
Officers' stock compensation waived	----	----	327,601	
Net loss	-----	-----	-----	(1,025,347)
Balance, February 29, 2016	**86,843,710**	**$ 86,844**	**$ 5,969,530**	**$ (9,390,268)**
Quarter ending May 31, 2016				
Shares issued for convertible debt prior To reverse split	10,074,296	10,074	71,065	
1 for 10 reverse split May 10, 2016 adjustment	(87,226,222)	(87,226)	87,226	
Balance May 10 2016	9,691,784	9,692	6,127,821	
Shares issued for convertible debt post-split	2,202,423	2,202	86,309	
Shares Issued for oil and gas property	500,000	500.	99,500	
Net Income	--	----	----	329,241
Balance, May 31, 2016	**12,394,204**	**$ 12,394**	**$ 6,313,630**	**$ 9,061,027**

See Accompanying Notes to the Financial Statements

VIRTUS OIL AND GAS CORP.
STATEMENT OF CASH FLOWS
(Unaudited)

	For the Six Months Ended May 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (696,106)	$ (1,127,173)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		342
Share based compensation expense	364,628	616,315
Derivative income	(93,525)	(10,955)
Discount Amortization	515,517	7,855
Increase (decrease) in liabilities		
Accounts Payable and accrued expenses	(193,585)	(180,033)
Net cash used in operating activities	(103,071)	(333,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of oil and gas properties	- ---	(180,547)
Net cash from Investing activities	----	(180,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the sale of common stock		150,000
Proceeds from convertible note payable	108,795	250,000
Net cash from financing activities	108,795	400,000
NET CHANGE IN CASH	5,724	(114,100)
CASH AT BEGINNING OF PERIOD	2,990	175,869
CASH AT END OF PERIOD	$ 8,714	$ 61,769
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 38,702	$ ----
NON CASH TRANSACTIONS		
Common stock issued for oil and gas property	$ 100,000	$ 24,750
Common stock issued for convertible stock extinguishment	448,101	----
	$ 548,101	$ 24,750

See Accompanying Notes to the Financial Statements

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

Virtus Oil and Gas Corp. ("the Company") was incorporated in the state of Nevada on September 30, 2009 ("Inception"). The Company was originally formed as Curry Gold Corp to become an operator and franchisor of fast-casual food catering vans that capitalize on the growing trend of food to go (convenience food) with its Currywurst product, a product native to Germany, and market it through Switzerland and into major metropolitan US cities. On July 17, 2012, however, the Company abandoned its plans to enter into the catering van business and is now an oil and gas exploration and production company.

On March 23, 2015, the Company created a new subsidiary, Virtus Operations, Inc., a Utah corporation, to act as an operator for its oil and gas properties in Iron County in southern Utah. As of the date of this filing, the subsidiary has no operations or assets.
Virtus is an oil and gas production company and has not significantly commenced its planned principal operations. Virtus' operations to date have been devoted primarily to startup and development activities, which include forming an entity, developing its business plan, registering with the SEC and listing its Common Stock on the OTCBB exchange under the symbol, "VOIL". In October 2013, the Company acquired an interest in an oil and gas property and is focusing its efforts on developing this property and identifying additional properties in which to invest. Virtus' properties are located in Iron County in southern Utah.

Basis of Presentation

The financial statements included herein, presented in accordance with United States generally accepted accounting principles and is stated in US currency have been prepared by the Company pursuant to the rules and regulations of the SEC and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report for the year ended November 30, 2015 filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year ended November 30, 2015 as reported in form 10-K have been omitted.

The Company has adopted a fiscal year end of November 30.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Virtus maintains cash balances in non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Stock Based Compensation

Stock-based awards to non-employees are accounted for using the fair value method. The Company adopted provisions which require that it measure and recognize compensation expense at an amount equal to the fair value of share-based payments granted under compensation arrangements.

The Company has adopted the "modified prospective" method, which results in no restatement of prior period amounts. This method would apply to all awards granted or modified after the date of adoption. In addition, compensation expense must be recognized for any unvested stock option awards outstanding as of the date of adoption on a straight-line basis over the remaining vesting period. The Company will calculate the fair value of options using a Black-Scholes option pricing model. The Company does not currently have any outstanding options subject to future vesting therefore no charge is required for the periods presented. Virtus' method also requires the benefits of tax deductions in

Note 1 - Nature of Business and Significant Accounting Policies (cont'd)

excess of recognized compensation expense to be reported in the Statement of Cash Flows as a financing cash inflow rather than an operating cash inflow. In addition, Virtus' method required a modification to the Company's calculation of the dilutive effect of stock option awards on earnings per share. For companies that are using the "modified prospective" method, disclosure of pro forma information for periods prior to adoption must continue to be made.

Accounting for Oil and Gas Properties

The Company utilizes the full cost method to account for its investment in oil and gas properties. Accordingly, all costs associated with acquisition, exploration and development of oil and gas reserves, including such costs as leasehold acquisition costs, professional fees incurred for the lease acquisitions, capitalized interest costs relating to properties, geological expenditures, and tangible and intangible development costs (including direct internal costs), are capitalized into the full cost pool. When the Company commences production from established proven oil and gas reserves, capitalized costs, including estimated future costs to develop the reserves and estimated abandonment costs, will be depleted on the units-of-production method using estimates of proven reserves. Investments in unproved properties and major development projects, including capitalized interest if any, are not depleted until proven reserves associated with the projects can be determined. If the future exploration of unproven properties is determined to be uneconomical, the amount of such properties is added to the capital costs to be depleted. As of May 31, 2016 and November 30, 2015, the Company's oil and gas properties consisted of capitalized acquisition and exploration costs for unproved mineral rights.

Subsequent Event: On or about August 2016, the Company surrendered its bond to the BLM for the Plugging and Abandoning of the Virtus Lone Pine 34-11-5 #5 well. The associated leases thus expired.

Fair Value of Financial Instruments

Financial instruments consist principally of cash, trade and related party payables and accrued liabilities. The carrying amounts of such financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature. It is management's opinion that the Company is not exposed to significant currency or credit risks arising from these financial instruments.

The Company has entered into convertible note agreements with a variable conversion price, which gives rise to a derivative liability, which has been valued using a binomial lattice-based valuation model using holding period assumptions developed from the Company's business plan and management assumptions, and expected volatility from comparable companies including OTC Pink® and small-cap companies. Increases or decreases in the Company's share price, the volatility of the share price, changes in interest rates in general, and the passage of time will all impact the value of the derivative liability. The Company re-values the variable conversion feature at the end of each reporting period and any changes are reflected as gains or losses in current period results.

Basic and Diluted Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Recent Accounting Pronouncements

Management does not anticipate that the recently issued but not yet effective accounting pronouncements will materially impact the Company's financial condition.

Note 2 - Going Concern

As shown in the accompanying financial statements, the Company has no revenues and has incurred continuous losses from operations, had an accumulated deficit of $9,061,028 and a working capital deficit of $2,837,193 at May 31, 2016. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new ventures to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

Note 2 - Going Concern, (cont'd)

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 - Related Party

On August 1, 2013, the Company entered into an engagement letter with Clear Financial Solutions, Inc., a Texas corporation (Clear Financial). On December 5, 2013, the Company and Clear Financial entered into Amendment No. 1 to Engagement Letter. Under the engagement letter and the amendment (collectively, the "Engagement Letter") Clear Financial will provide certain financial consulting services to the Company and Mr. Steven M. Plumb, founder and President of Clear Financial, will serve as the Chief Financial Officer of the Company. Clear Financial will, among other things, prepare and review the Company's financial statements, oversee internal accounting controls and provide advice on generally accepted accounting principles. In addition, As compensation for the services provided, the Company pays Clear Financial a fee of $5,000 per month and has agreed to issue up to 1,000,000 shares of the Company's common stock, par value $0.001 per share (the "Common Stock"), to Mr. Plumb. The Engagement Letter has an initial term of one year and will automatically renew for successive one-year periods until terminated by either party upon 60 days' written notice prior to the end of the then current term. Clear Financial was paid $46,500 for Mr. Plumb's services for the three months ended August 31, 2015. In addition, in February 2015, the Company issued 500,000 shares of the Company's common stock to Mr. Plumb, having a fair market value of $400,000 on the date of grant, for which the Company recorded $366,667 as compensation expense during the year ended November 30, 2015.

Clear Financial was paid $8,500 for Mr. Plumb's services for the three months ended May 31, 2016. In addition, in February 2016, the Company issued 500,000 shares of the Company's common stock to Mr. Plumb, having a fair market value of $8,650 on the date of grant, for which the Company recorded $8,650 as compensation expense during the year ended November 30, 2016.

The Engagement Letter further provides that Clear Financial may from time to time bring oil and gas investment opportunities to the Company's attention. Pursuant to the Engagement Letter, the Company will assign a 1% carried interest to each of Mr. Plumb and/or Mr. Jerry Walters, a principal of Clear Financial, with respect to each oil and gas investment opportunity that Messrs. Plumb and/or Walters bring to the Company's attention and in which the Company invests.

Subsequent Event: On August 11, 2016 Steven Plumb resigned as Chief Financial Officer. Consequently the contract with Clear Financial was terminated.

On May 13, 2014, the Company appointed Rupert Ireland to serve as President, Chief Executive Officer, Secretary and Treasurer of the Company, effective immediately. In connection with Mr. Ireland's appointment as President and Chief Executive Officer, the Company entered into an Employment Agreement, dated May 13, 2014, with Mr. Ireland. Pursuant to the Employment Agreement, Mr. Ireland will be paid a base salary of $120,000 per year and a signing bonus of $5,000. Mr. Ireland will also be entitled to receive up to 3,000,000 shares of the Company's Common Stock, to be issued in increments of 1,000,000 shares on May 13 in 2015, 2016 and 2017, if he continues to be employed.

The Employment Agreement has an initial term of three years and will automatically renew for successive one-year periods until earlier terminated. The Employment Agreement May be terminated (i) at any time by the Company for "cause," (ii) upon no less than 60 days' written notice by either party for any reason, or (iii) upon no less than 30 days' written notice by either party at the end of the original 3-year term or any renewal term. The Employment Agreement also terminates immediately upon Mr. Ireland's death or disability.

If Mr. Ireland's employment is terminated for "cause" by the Company, or if he voluntarily resigns, then he will forfeit any shares of Common Stock that have not yet been issued by the Company as of the date of such termination or resignation. If Mr. Ireland's employment is terminated for any other reason, he will be entitled to receive the full 3,000,000 shares of Common Stock. The Employment Agreement defines "cause" as the willful and continued failure by Mr. Ireland to perform his duties, the conviction of a felony, or any other material conduct that is contrary to the best interests of the Company or adversely affects the reputation of the Company.
The fair market value of Mr. Ireland's stock award was $2,550,000. The Company is recognizing $70,833 per month in compensation related expense. The Company recognized $212,499 in expense related to Mr. Ireland's stock grant during the three months ended February 29, 2016, respectively.

Note 3 - Related Party, (cont'd)

Subsequent Events

Ireland was paid $10,000 for the three months ended May 31, 2016. In addition, in February 2015, the Company issued 500,000 shares of the Company's common stock to Mr. Ireland, having a fair market value of $8,650 on the date of grant, for which the Company recorded $8,650 as compensation expense during the year ended November 30, 2016. In addition, on July 18, 2016, the Company issued 200,000 shares of the Company's common stock to Mr. Ireland, having a fair market value of $1,000 on the date of grant, for which the Company recorded $1,000 as compensation expense during the year ended November 30, 2016.

In addition, on July 18, 2016, the Company issued 200,000 shares of the Company's common stock to Mr. Ireland, having a fair market value of $1,000 on the date of grant, for which the Company recorded $1,000 as compensation expense during the year ended November 30, 2016. Rupert Ireland resigned as CEO and President on February 1, 2016, but remained a Director. On April 7, 2017 Ireland resigned as Director. Additionally Ireland assigned 2,380,000 shares of the Company's common stock back to the Company. The Company and Mr. Ireland signed a mutual release of all claims.

Brett Murray was paid $10,000 for the three months ended May 31, 2016. In addition, in February 2015, the Company issued 500,000 shares of the Company's common stock to Mr. Murray, having a fair market value of $8,650 on the date of grant, for which the Company recorded $8,650 as compensation expense during the year ended November 30, 2016.

On December 16, 2016 Brett Murray was elected to the Board of Directors. He resigned as Chief Operating Officer and the Board appointed him as Senior Vice President in charge of Business Development and Land.

On July 13, 2016, Dan Green was appointed to the Board of Directors and took the position as Chairman. On December 16, 2016 Dan Green was appointed President and Chief Executive Officer.

On February 17, 2017 James Gibbons was appointed to the Board of Directors.

Note 4 - Oil and gas properties, net

Oil and gas properties consist of the following unproved properties May 31, 2016 and November 30, 2015, respectively:

	May 31, 2016	November 30, 2016
Oil and gas properties:		
Beaver County, Utah Prospect	$ 30,000	$ 30,000
Iron County, Utah Prospect	2,682,403	2,682,403
Wattenberg	100,000	
Total oil and gas properties	2,812,403	2,712,403
Less impairment	(2,712,403)	(2,712,403)
Oil and gas properties, net	$ 100,000	$ 100,000

Tidewater Agreement

On August 19, 2014, the Company completed the acquisition of oil and gas leases issued by the U.S. Bureau of Land Management (the "BLM") covering approximately 36,620 acres in Iron County, Utah (the "Tidewater Leases") pursuant to a letter agreement entered into with Tidewater Oil & Gas Company, LLC ("Tidewater") as of November 13, 2013 (as amended, the "Tidewater Agreement"). The acreage subject to the Tidewater Leases is located in an area known as the Parowan Prospect in the Central Utah Overthrust region of southwestern Utah. Virtus acquired an 87.5% working interest and an 80% net revenue interest in the Leases.

The aggregate purchase price of the Leases was $290,000, which was paid in installments beginning in December 2013. Virtus made the final payment of the purchase price on August 1, 2014, and thereafter the Company and Tidewater subsequently prepared and executed the appropriate assignments and other forms required by the BLM and the county clerk to reflect the assignment of the Leases from Tidewater to Virtus. Tidewater's sale of the leases was subject to the approval of the U.S. District Court for the District of Colorado (the "Bankruptcy Court"), which is presiding over Tidewater's Chapter 11 bankruptcy proceedings. The Bankruptcy Court approved the sale of the leases on December 11, 2013.

Note 4 - Oil and gas properties, net, (cont'd)

The Tidewater Agreement contemplates the drilling of an initial 12,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab formation on the leases. Although Tidewater will retain a 12.5% working interest in the leases, the Company has agreed to pay 100% of the cost of drilling and completing this test well, which is estimated to be approximately $2.5 million. The Company has agreed to pre-pay such costs at least 30 days prior to the spud date, which was expected to be no later than February 3, 2015. However, the Company and Tidewater extended the date to September 1, 2015, by a First Amendment to Letter Agreement dated May 6, 2014. If the Company fails to prepay such costs and/or fails to timely complete the initial test well, it will forfeit its interests in the oil and gas leases and Tidewater will retain the purchase price.

During the three months ended August 31, 2015, the Company made payments of $51,126 on expiring leases covered by the Tidewater Agreement, $10,000 for a survey for a drilling location, $24,750 for a lease modification, $100,000 mobilization fee on a drilling contract, and $554,296 in drilling permit acquisition costs, for a total of $740,172.

On or about August 2016, the Company surrendered its bond to the BLM for the Plugging and Abandoning of the Virtus Lone Pine 34-11-5 #5 well. The associated leases in Iron County Utah thus expired.

Subsequent Event: All leases expired effective March 31, 2016

TJBB Agreement

On September 22, 2014, the Company, made the last payment ($75,000) required for the acquisition of BLM oil and gas leases covering approximately 18,690.50 acres in Iron County, Utah (the "TJBB Leases") pursuant to a letter agreement with Tom Johnson and Bill Berryman ("TJBB"), dated May 6, 2014 (the "TJBB Agreement"). The total purchase price for the TJBB Leases was $168,215. The acreage subject to the TJBB Leases is also located in an area known as the Parowan Prospect in the Central Utah Overthrust region of southwestern Utah.
Pursuant to the TJBB Agreement, the purchase price for the leases was $168,215, which was paid in installments from May through September of 2014. The Company acquired an 87.5% working interest and an 80% net revenue interest in the TJBB Leases and TJBB retained a 12.5% working interest in the TJBB Leases. Pursuant to the TJBB Leases, Viturs is obligated to pay 100% of the cost to (i) drill and complete an initial 7,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab by July 31, 2015, which is estimated to cost $500,000, and (ii) drill a secondary 12,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab by March 1, 2016. If the Company fails to drill and complete the initial test well and the secondary well in the Jurassic-Navajo, Permian-Kaibab formation by the deadline under the TJBB Agreement, the Company will forfeit its interest in the TJBB Leases.

On or about August 2016, the Company surrendered its bond to the BLM for the Plugging and Abandoning of the Virtus Lone Pine 34-11-5 #5 well. The associated leases in Iron County Utah thus expired.

Subsequent Event: All leases expired effective March 31, 2016

TJBB Amendment; Extension of Deadline; Drilling Contract

On April 2, 2015, the Company, entered into the First Amendment to Letter Agreement (the "TJBB Amendment") with Tom Johnson and Bill Berryman (collectively, "TJBB"), which amends the letter agreement dated May 6, 2014, previously entered into by the Company and TJBB (the "TJBB Agreement"). Pursuant to the TJBB Agreement, the Company agreed to purchase an 87.5% working interest in oil and gas leases covering approximately 18,690.50 acres in Iron County, Utah.

Pursuant to the TJBB Agreement, the Company anticipated that it would drill a 12,000-foot test well in the Jurassic-Navajo, Permian-Kaibab formation on the leases no later than June 2015. The TJBB Amendment modified the TJBB Agreement by postponing the deadline to drill the 12,000-foot test well to March 1, 2016, and replacing the commitment with an initial test well contemplated to a depth of 7,000-foot, or a depth sufficient to test the Jurassic-Navajo formation, on or before July 30, 2015.

In anticipation of the change in the drilling obligations under the TJBB Agreement, the Company has entered into a drilling agreement with Energy Drilling, LLC ("Energy Drilling") to drill a 7,000-foot vertical well on the Company's oil and gas leases in Iron County, Utah. The Company will pay Energy Drilling a mobilization fee of $100,000, plus a mobilization rate of $11,900 per day, plus the actual cost of all required equipment, labor, services and permits to drill the well. Energy Drilling will begin drilling the well as soon as reasonably practicable after receiving the appropriate permits. The contract also provides for the Company to pay Energy Drilling a demobilization fee of $110,000 and a demobilization rate of $11,900 per day. On May 27, 2015 the Company paid the mobilization fee in the amount of $100,000.

Note 4 - Oil and gas properties, net, (cont'd)

In consideration of entering into the TJBB Amendment, the Company issued an aggregate 50,000 restricted shares of its Common Stock, valued at $24,750, to TJBB in a private transaction that was exempt from applicable registration requirements. Except for the amendments described above, the TJBB Agreement will remain unchanged and in full force and effect.

In May 2015, the Company entered into a drilling agreement with Energy Drilling, LLC ("Energy Drilling") to drill a 7,000-foot vertical well on the Company's oil and gas leases in Iron County, Utah. The Company will pay Energy Drilling a mobilization fee of $100,000, plus a mobilization rate of $11,900 per day, plus the actual cost of all required equipment, labor, services and permits to drill the well. Energy Drilling will begin drilling the well as soon as reasonably practicable after receiving the appropriate permits. The contract also provides for the Company to pay Energy Drilling a demobilization fee of $110,000 and a demobilization rate of $11,900 per day. The mobilization fee of $100,000 was paid on May 27, 2015. On August 18, 2015, the Company made a payment of $35,700 to Energy Drilling for mobilization of the rig.

In July 2015, the Company identified a drilling location for the test well and began drilling operations in August 2015. The test well drilling operations ceased in September 2015 in order to evaluate the information gathered to date. The well was drilled to a depth of 5,362 feet and revealed oil shows at depths from 4,470 feet to 4,670 feet, consistent with the seismic data obtained and previously analyzed. The Company has determined to plug and abandon this well.

Subsequent Event: All leases expired effective March 31, 2016

The Company recorded $122,000 impairment expense in August 31, 2015 for expired leases.

In November 2015, the Company determined that further drilling operations at the drilling location would be abandoned based on lack of funding and current market conditions. Accordingly, the Company recorded an additional impairment charge of $2,590,403, equal to the remaining capitalized costs related to the Iron County operations.

Subsequent Event: All leases expired effective March 31, 2016

Kansas Alliance/BYA Energy

On May 17th, 2016 Virtus announced the acquisitions of Producing Wattenberg Minerals and Non-Operated Working Interest in Producing Wells in Western Nebraska. The Purchase Sale Agreement was executed by Kansas Alliance Resources, LLC to acquire ten (10) net mineral acres in Weld County, Colorado and with BYA Energy, LLC to acquire a five percent (5%) working interest and one percent (1%) overriding royalty in Hitchcock County, Nebraska.

The Grant Hurt 1A-14H G268 well operated by Encana Oil & Gas (USA) Inc is in the Wattenberg Field inside the DJ Basin in Sections 11 and 14, T2N R68E 6th PM, Weld County, Colorado. The main producing zone in the oil fields is the multiple Niobrara targets, Codell, Sussex, Shannon and deeper J Sand formations. Encana completed this horizontal well in the Codell formation at a depth of 7,400ft and the lateral leg being a length of 6,886ft. The well was completed in April of 2015 and has a cumulative oil of 60,960bo and over 253,448 cumulative of gas (April 2015-February 2016). Encana has already submitted and been approved permits and spacing units to drill an additional twelve (12) horizontal Niobrara B, Niobrara C and Codell wells that would include the company owned minerals.

The Hitchcock County, Nebraska acreage is a five percent (5%) working interest and a one percent (1%) overriding royalty on the 5,108.42 gross acres. The acreage currently has two producing wells the Golding 1-4 and Golding 1-5 currently operated by Central Operating Inc. The wells are located at Sections 4 and 5 of 1N-35W. These shallow wells were drilled and completed in late 2014/early 2015 at a depth of near 4,000-4,250ft and producing from the Lansing-Kansas City Formation. The straight vertical wells were drilled after high targets were identified from an extensive 3D seismic program running over the entire prospect. Virtus Oil and Gas has acquired the rights to the 3D Seismic. The operator being successful in drilling two producing wells has initiated a drilling program to commence when oil prices climb. The 40-acre spacing means the 5,108.42 gross acres has the potential to fit up to 120 vertical wells within the prospect.

The terms of the Letter Agreement dated April 26th, 2016 but with an effective date of February 1, 2016 states the terms of consideration to be Virtus Oil and Gas delivering to Kansas Alliance/BYA Energy: Five Million (5MM) Shares of VOIL Common Stock (Using Value of $0.02) at a Value of $100,000.00 that were delivered to Chris Miller, personally, as owner of Kansas Alliance/BYA Energy.

Note 4 - Oil and gas properties, net, (cont'd)

Energy Drilling LLC

On and around February 2016, Energy Drilling LLC filed suit in Utah against Virtus for claim which included drilling charges. Virtus disputed these claims because Energy Drilling had fabricated invoices and left the rig on the well to extort additional charges. On March 7th, 2016 the Bureau of Land Management (BLM) informed Energy Drilling to move its rig or the BLM would move it and charge Energy Drilling potential criminal charges. Energy Drilling removed the rig, but increased the charges to include "Standby" charges resulting from its extortion attempt. Virtus responded to the claim. On April 29th, 2016 Energy Drilling filed for Chapter 11 bankruptcy protection in the state of Utah. Energy

Drilling filed multiple filings that conflicted the amount they represented owed by Virtus. Virtus filed claims against Energy Drilling in Bankruptcy Court in St. George, Utah, totaling $211,000 owed to Virtus.

In November 2016 the Bankruptcy Court converted Energy Drilling's bankruptcy filing from Chapter 11 to Chapter 7, Liquidation. Virtus has made an offer to settle with the Trustee managing the Estate of Energy Drilling.

Subsequent Event: Purchase of Tin Cup Mesa Unit

Location
The Oil Field, known as the Tin Cup Oil Field, is located in San Juan County, State of Utah, United States of America. The Tin Cup Oil Field is approximately 21 miles southeast from the City of Blanding.

Geology
Production is from a northwest–southeast trending 120-foot-thick (37 m) carbonate buildup in the Pennsylvanian Upper Ismay. The field is part of the Paradox Basin that extends from the states of Colorado to Utah and New Mexico. The reservoir is located between approximately 5500 feet depth from surface of the ground. The field has produced over 2,600,000 bbls of oil and Ten Billion cubic feet of natural gas since inception.

The Tin Cup field was discovered in 1981 by Marathon Oil Company. Over 9 wells have been drilled to delineate the reservoir boundaries. The oil reservoir in the Upper Ismay formation is well defined and is productive in all of the wells drilled to date. Two wells are currently producing with 5 wells shut-in, with 2 wells capable of immediate production while the remaining wells can be placed on production with remedial work. The Water Disposal well was reworked and is now disposing of water.

The oil produced is light sweet crude with average oil gravity of 45 to 47 degrees API. Oil production from the Field is trucked to a pipeline in Southeast, Utah for further shipping to Refineries in the State of New Mexico and Texas.

Oil and Gas Leases
The Tin Cup Oil Field is a Federal Unit consisting of approximately 1080 acres composed of the following leases:

Lease U-13655
DESCRIPTION:
T. 38 S., R. 25 E. San Juan County, SLM, Utah
Sec. 25: SW¼;
TOTAL ACREAGE: 160.00
LEASE DATE/EXP DATE: 12-1-1971/HBP

Lease U-31928
DESCRIPTION:
T. 38 S., R. 25 E., San Juan, SLM, Utah
Sec. 23: W½, W¼SE;
Sec. 25: SW¼NW¼;
Sec. 26: E½;
TOTAL ACRES: 760.00
LEASE DATE/EXPIRATION DATE: 2-1-1976/HBP

Note 4 - Oil and gas properties, net, (cont'd)

Terms:
On February 20, 2017 the Board of Directors agreed to Tin Cup Mesa for $12,235,000. Terms of the purchase consisted on $6,235,000 in stock (as a per shares price of $0.0584) and a Senior Note of $6,000,000. Proved Producing/Behind Pipe/Undeveloped Reserves are estimated to be 1,606,000 BO and 1,923,000 Mcfg.

Dan Green, President and Chairman, is a Principal in Entrada Enterprises LLC, which was a 42% owner in Tin Cup Mesa.

Subsequent Event: Purchase Squaw Canyon

Location
The Squaw Canyon Field is located in the Paradox basin in Section 19, T38S R25E East, San Juan County, Utah. The field is approximately 2.5 miles east of Tin Cup Field and 3 miles South East of Little Nancy Field. The Kiva field is located approximately 4 miles to the Southwest.

Geology
The main producing zones in the oil fields are the Ismay and the Desert Creek. The Ismay is dominantly limestone capped by anhydrite. The Desert Creek zone is dominantly dolomite. Both the Desert Creek and the Ismay generally trend northwest southeast. The Squaw canyon field was drilled in 1979 on a seismic high. The initial well IP was over 500 BOPD. An 80 acre offset to the North was drilled and completed in the Ismay formation. This well was not tested in the Desert Creek. Additional wells were drilled to the south 160 acre offset and a 160 acre offset to the North East. Both wells tested oil but were plugged.

Federal 1-19 well was shut in due to two holes in the casing. Subsequently the holes were cemented by running 2-7/8" tubing to 5,000 ft. and the tubing cemented to surface. The well requires a new string of 2-1/16th tubing, new pump, "Slimhole" rods and a new tubing head. Additionally a pump jack needs to be moved onto the well. An available pumping unit is located at a local field within 5 miles. The tanks are new and putting the well into production will be fairly easy to accomplish. The well historically produced 25 bopd prior to developing a hole in the casing.

Federal 3-19 well was shut in due to low oil prices. The pump on the well will need to be replaced and placed into production. The well historically produced 5 bopd.

Reservoir Properties
Oil Gravity 43.2
Permeability 1.1 md
Porosity 21.5 %

Volumetric Oil In Place
3.8 million bbls over a 350 acre reservoir. This OOIP is only for the oil in the Desert Creek formation. Because the reservoirs in this area are blown down by producing the natural gas, the primary recovery is approximately 10-15% of the OOIP. The remaining reserves based upon the average of the fields such as Kiva, Patterson Canyon and Tin Cup is approximately 2 million barrels of oil, thus Squaw Canyon should have remaining reserves of 1.7 million barrels of oil.

Terms:
On February 20, 2017 the Board of Directors agreed to purchase Squaw Canyon for $1,430,000. Terms of the purchase consisted on $1,430,000 in stock (at a per share price of $0.0584).

Dan Green, President and Chairman, is a Principal in Entrada Enterprises LLC, which was a 50% owner in Squaw Canyon.

Note 5 - Convertible Notes Payable

Convertible notes payable consisted of the following:

Description	May 31, 2016	November, 2015
On May 21, 2015, the Company executed a convertible note payable in the original principal amount of $350,000 for a purchase price of $250,000, payable on May 21, 2016 bearing interest at 7% per annum with an effective interest rate of 38%. This note is convertible into the Company's common stock at a variable conversion price equal to the lower of $0.75 per share or 65% of the lowest volume weighted average prices of the Common Stock during the twelve consecutive trading days ending and including the trading day immediately preceding the applicable conversion date.	$0	$ 250,000
On June 22, 2015, the Company sold a 7% with an effective interest rate of 21%. Convertible Redeemable Note in the original principal amount of $500,000 for a purchase price of $250,000 due June 21, 2016. This note may be converted into common stock of the Company at any time after issuance at a conversion price equal to the lesser of (i) the product of (x) the arithmetic average of the lowest volume weighted average prices of the Common Stock during the twelve consecutive trading days ending and including the trading day immediately preceding the applicable conversion date and (y) 65%, and (ii) $0.75 (as adjusted for stock splits, stock dividends, stock combinations or other similar transactions). The Company is required to reserve at least 150% of the number of shares of Common Stock which are necessary to effect the conversion of all the Convertible Notes then outstanding.	0	57,906
On August 11, 2015, the Company sold a note with a original principal purchase price of $300,000 for a purchase price of $300,000. This note matures on August 11, 2016. Interest accrues at the rate of 7% per annum, with an interest rate of 12% compounding daily. This note may be converted into common stock of the Company at any time after issuance at a conversion price equal to the lesser of (i) the product of (x) the arithmetic average of the lowest volume weighted average prices of the Common Stock during the twelve consecutive trading days ending and including the trading day immediately preceding the applicable conversion date and (y) 65%, and (ii) $0.75 (as adjusted for stock splits, stock dividends, stock combinations or other similar transactions). The Company is required to reserve at least 150% of the number of shares of Common Stock which are necessary to effect the conversion of all the Convertible Notes then outstanding.	0	73,976
On October 7, 2015, the Company executed a convertible note payable in the amount of $600,000 for a purchase price of $375,000, payable on October 7, 2016 bearing interest at 7% per annum with an effective interest rate of 9%. This note is convertible into the Company's common stock at a conversion price equal to the lower of $0.30 per share or 65% of the lowest volume weighted average prices of the Common Stock during the twelve consecutive trading days ending and including the trading day immediately preceding the applicable conversion date. In the event that the Company files a registration statement with the Securities and Exchange Commission (the "SEC") covering the resale by the investor of shares of the Common Stock issued or issuable upon conversion of the Convertible Note on or before the 30th calendar day after the Investor delivers written notice to the Company electing to require the filing of the Registration Statement (the "Filing Deadline") (ii) the Registration Statement is declared effective by the SEC on or prior to the 40th calendar day after the Filing Deadline (or in the event that such Registration Statement is subject to a limited or full review by the SEC, the 90th calendar day after the Filing Deadline) and (B) the fifth trading day after the date the Company is notified by the SEC that such registration statement will not be reviewed or will not be subject to further review ("Effectiveness Deadline"), and the prospectus contained therein is available for use by the Investor for its resale of the shares of Common Stock issued or issuable upon conversion of the Convertible Note, and (iii) no event of default, or an event that with the passage of time or giving of notice would constitute an event of default has occurred on or prior to such date, then the outstanding principal amount of the Convertible Note shall be reduced by $225,000 (together with any accrued and unpaid interest and late charges thereon).	574,902	600,000
On November 13, 2015, the Company executed a convertible note payable in the amount of $55,000 payable on November 13, 2016 bearing interest at 10% per annum. This note is convertible into the Company's common stock at a variable conversion price equal to the lower of $0.65 per share or 50% of the lowest trading price of the Company's common stock during the 20 consecutive trading days prior to the date of conversion.	42,366	55,000

On December 30, 2015, the Company executed a convertible note payable in the amount of $58,000 payable on November 13, 2016 bearing interest at 8% per annum. This note is convertible into the Company's common stock at a variable conversion price equal to 61% of the average of the three lowest trading price of the Company's common stock during the 10 day trading period ending one day prior to the date of conversion.	58,795	
On May 26, 2016, the Company executed a convertible note payable in the amount of $50,000 with a $20,000 Original Issue Discount (OID) payable on May 26, 2018 bearing interest at 12% per annum. This note is convertible into the Company's common stock at a variable conversion price equal to 60% of the average of the three lowest trading price of the Company's common stock during the 25 day trading period ending one day prior to the date of conversion.	70,000	
Total	746,064	1,036,882
Less: Debt discount	20,000	542,585
Total convertible notes payable	$ 726,064	$ 494,297

During the quarter ended May 31, 2016, note holders converted principal and interest totaling 161,300 into 3,709,853 shares of common stock.

Other Terms

The Purchase Agreement contains customary representations, warranties and covenants by, among and for the benefit of the parties. The Purchase Agreement also provides for indemnification of the Investor and its affiliates in the event that the Investor incurs losses, liabilities, obligations, claims, contingencies, damages, costs and expenses related to the Company's breach of any of its representations, warranties or covenants under the Purchase Agreement.

Note 6 - Derivative Liability

In May 2015, June 2015, August 2015, November 2015, December 2015, and May 2016 the Company issued convertible note agreements with a variable conversion feature that gave rise to a derivative. The derivative liability has been valued using a binomial lattice-based option valuation model using holding period assumptions developed from the Company's business plan and management assumptions, and expected volatility from comparable companies including OTC Pink® and small-cap companies. Increases or decreases in the Company's share price, the volatility of the share price, changes in interest rates in general, and the passage of time will all impact the value of the derivative liability.

The derivative liability on May 31, 2016 was 568,439. The change in the derivative value during the three months ended May 31, 2016 of approximately $370,886 was included in the determination of net income during the three months ended May 31, 2016.

The Registration Rights Agreement requires the Company to register the resale of the Securities within certain time limits and to be subject to certain penalties in the event the Company fails to timely file the Registration Statement, fails to obtain an effective Registration Statement or, once effective, to maintain an effective Registration Statement until the Securities are saleable pursuant to Rule 144 without volume restriction or other limitations on sale.

Accordingly, if (A) the Initial Registration Statement is not declared effective on or before the 120th calendar day following the Initial Closing Date (September 19, 2015), (B) any other Registration Statement is not declared effective on or before its Effectiveness Deadline, or (C) any Registration Statement described in Section 2 is declared effective by the SEC but shall thereafter cease to be effective for a period of time which shall exceed thirty (30) days in the aggregate per year (defined as a period of 365 days commencing on the date the Registration Statement is declared effective) (each such event, a "Non-Registration Event"), then the Company shall deliver to the Investor, as liquidated damages ("Liquidated Damages"), an amount equal to one percent (1.0%) of the aggregate purchase price paid by the Investor pursuant to the Securities Purchase Agreement for any unregistered Registrable Securities then held by the Investor and for each subsequent thirty (30) day period (pro rata for any period less than thirty days) which are subject to such Non-Registration Event; provided, however, that after (i) sixty (60) days, the Liquidated Damages shall be increased to two percent (2.0%) of the aggregate purchase price paid by the Investor pursuant to the Securities Purchase Agreement for any unregistered Registrable Securities then held by the Investor; and (ii) the maximum amount of Liquidated Damages shall not exceed 10% of the aggregate purchase price paid by the Investor pursuant to the Securities Purchase Agreement for any unregistered Registrable Securities then held by the Investor. The Company may pay the Liquidated Damages in cash or through the issuance of shares of Company Common Stock (such number of shares of Common Stock to be issued determined by dividing such dollar amount of Liquidated Damages by the Conversion Price then in effect under the Notes), the resale of which have been registered pursuant to a

Registration Statement. The Initial Registration Statement was declared effective by the SEC on August 11, 2015.

Note 7 - Subsequent Events

Subsequent to May 31, 2016, the Company issued 16,561,960 shares to convertible note holders for $91,285 in principal and accrued interest pursuant to conversions of convertible notes.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW AND OUTLOOK

Virtus Oil and Gas Company is an oil and gas production company and has commenced its planned principal operations. Virtus operations to date have been devoted primarily to startup and development activities, which include forming an entity, developing its business plan, registering with the SEC and listing its Common Stock on the OTCQB exchange under the symbol, "VOIL". In October 2013, the Company acquired an interest in an oil and gas property and is focusing its efforts on developing this property and identifying additional properties in which to invest.

In 2016 Virtus acquired Royalty Interests in Colorado and Nebraska. In 2017 Virtus acquired producing properties in Southwestern Utah.

Virtus is incorporated in the State of Nevada on September 30, 2009. Its principal administrative office is located at 848 North Rainbow Blvd., #170, Las Vegas, Nevada 89107. Virtus' telephone number is (775) 636-3132. Its fiscal year end is November 30.

In order for Virtus to commence substantive operations, it will require additional capital. It was Virtus' expectation that registration with the SEC and subsequent public listing of its Common Stock might facilitate its efforts in attracting additional capital. The Company has identified and pursuing credible sources of financing.

Results of Operations for the Three Months Ended May 31, 2016 and May 31, 2015:

Revenues:

The Company had no revenue during the three month periods ended May 31, 2016 and May 28, 2015.

General and Administrative:

Virtus' general and administrative expenses consisted of share based compensation expense, rents, bank fees, postage and delivery, stock services and travel expenses. The decrease is primarily due to a decrease in travel expenses.

The following table summarizes total assets, accumulated deficit, stockholders' equity (deficit) and working capital (deficit) at May 31, 2016 compared to February 29, 2016.

	May 31, 2016	May 31, 2015
Total Assets	$ 140,903	$ 35,190
Accumulated Deficit	$(9,061,028)	$(8,364,921)
Stockholders' Equity (deficit)	$(2,735,004)	$(2,294,932)
Working Capital Deficit	$(2,837,193)	$(2,946,122)

Vitus' principal source of operating capital has been provided from private sales of its Common Stock and debt financing. At May 31, 2016, Virtus had a negative working capital position of $2,837,191 As Virtus continue to develop its business and attempt to expand operational activities, Virtus expects to continue to experience net negative cash flows from operations in amounts not now determinable, and will be required to obtain additional financing to fund operations through Common Stock offerings and debt borrowings to the extent necessary to provide working capital. Pursuant to the Purchase Agreement, on May 22, 2015, the Company sold the Investor an Initial Convertible Note in an original principal amount of $350,000 for a purchase price of $250,000. Upon receipt of a written notice from the Company and the satisfaction (or where legally permissible, the waiver) of the conditions set forth in the Purchase Agreement relating to such closing, the Investor has agreed to purchase, (i) on or about June 22, 2015, a First Additional Convertible Note with an original principal amount of $500,000 for a purchase price of $250,000, subject to certain closing conditions and (ii) on the second trading day after the effective date of the initial registration statement, a Second Additional Convertible Note with an original principal amount of $300,000 for a fixed purchase price of $300,000. Each Convertible Note matures on the twelve month anniversary of its issuance and accrues interest at a rate of 7% per annum. Interest on the Convertible Notes is payable, subject to certain conditions, in shares of Common Stock, in cash or in a combination of cash and Common Stock.

Virtus does not now have funds sufficient to fund its operations at their current level for the next twelve months. Virtus estimates requiring a minimum of an additional amount of approximately $1,000,000 million for working capital. It needs to raise additional cash to fund its operations and implement its business plan. Future contingencies, developments and unknown events could cause us to require more working

capital and exploration and production costs during the 12-month period ending August 31, 2016. Virtus anticipates that it may incur operating losses in the next twelve months.

Future equity financings may be dilutive to Virtus stockholders or prove more difficult or expensive due to the terms of the Convertible Notes. Alternative forms of future financings may include preferences or rights superior to its common stock. Debt financings may involve a pledge of assets and will rank senior to its common stock. Virtus has historically financed its operations through best efforts private equity and debt financings. Virtus does not currently have any arrangements for financing and it can provide no assurance to investors that it will be able to find such financing if required.

Because Virtus has limited resources and are a development stage company, it may not be able to compete in the capital markets with much larger, established companies that have ready access to capital. Virtus' ability to obtain needed financing may be impaired by conditions and instability in the capital markets (both generally and in the oil and gas industry in particular), Virtus' status as a new enterprise without a demonstrated operating history, the location of its prospective lease acquisitions and prices of oil and natural gas on the commodities markets (which will impact the amount of financing available to us), and/or the loss of key consultants and management. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us. There is no assurance that Virtus can raise the capital necessary to fund its business plan.

Failure to raise the required capital to fund operations, on favorable terms or at all, will have a material adverse effect on Virtus' operations, and will likely cause us to curtail or cease operations.

Satisfaction of Virtus' cash obligations for the next 12 months.

As of May 31, 2016, Virtus' balance of cash on hand was $8,714. Virtus anticipates requiring approximately $400,000 in funding to cover all operating costs for the next twelve months. Virtus expects to raise additional capital to fund these costs.

Going concern.

Virtus' ability to continue as a going concern is dependent on its ability to generate sufficient cash from operations to meet Virtus' cash needs and/or to raise funds to finance ongoing operations and repay debt. There can be no assurance, however, that Virtus will be successful in its efforts to raise additional debt or equity capital and/or that its cash generated by Virtus' future operations will be adequate to meet its needs. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time.

Contractual obligations and commitments.

On August 1, 2013, the Company, entered into an engagement letter with Clear Financial Solutions, Inc., a Texas corporation (Clear Financial). On December 5, 2013, the Company and Clear Financial entered into Amendment No. 1 to Engagement Letter. Under the engagement letter and the amendment (collectively, the "Engagement Letter") Clear Financial will provide certain financial consulting services to the Company and Mr. Steven M. Plumb, founder and President of Clear Financial, will serve as the Chief Financial Officer of the Company. Clear Financial will, among other things, prepare and review the Company's financial statements, oversee internal accounting controls and provide advice on generally accepted accounting principles. In addition, as compensation for the services provided, the Company will pay Clear Financial a fee of $5,000 per month.

On November 14, 2013, the Company, entered into a purchase agreement (the "Tidewater Agreement") with Tidewater Oil & Gas Company LLC ("Tidewater") pursuant to which the Company agreed to purchase an 87.5% working interest in oil and gas leases covering approximately 36,787 acres in Iron County, Utah. Tidewater has agreed to deliver the leases to the Company with an 80% net revenue interest. Tidewater's sale of the leases was subject to the approval of the U.S. District Court for the District of Colorado (the "Bankruptcy Court"), which is presiding over Tidewater's Chapter 11 bankruptcy proceedings. The Bankruptcy Court approved the sale of the leases on December 11, 2013.

The aggregate purchase price of the Leases was $290,000, which was paid in installments beginning in December 2013. Virtus made the final payment of the purchase price on August 1, 2014, and thereafter the Company and Tidewater subsequently prepared and executed the appropriate assignments and other forms required by the BLM and the county clerk to reflect the assignment of the Leases from Tidewater to Virtus. Tidewater's sale of the leases was subject to the approval of the U.S. District Court for the District of Colorado (the "Bankruptcy Court"), which is presiding over Tidewater's Chapter 11 bankruptcy proceedings. The Bankruptcy Court approved the sale of the leases on December 11, 2013.

The Tidewater Agreement contemplates the drilling of an initial 12,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab formation on the leases. Although Tidewater will retain a 12.5% working interest in the leases, the Company has agreed to pay 100% of the

cost of drilling and completing this test well, which is estimated to be approximately $2.5 million. The Company has agreed to pre-pay such costs at least 30 days prior to the spud date, which was expected to be no later than February 3, 2015. If the Company fails to prepay such costs, it will forfeit its interests in the oil and gas leases and Tidewater will retain the purchase price. On January 30, 2014, the Company paid $52,734 to Tidewater, for reimbursement for costs of $7,734 and the second installment of the purchase price of $45,000.

On May 6, 2014, the Company entered into a letter agreement (the "TJBB Agreement") with Tom Johnson and Bill Berryman ("TJBB"), pursuant to which the Company agreed to purchase an 87.5% working interest in oil and gas leases covering approximately 18,690.50 acres in Iron County, Utah. The subject acreage is located in an area known as the Parowan Prospect, along the same structure where the leases covered by the Tidewater Agreement are located. TJBB have agreed to deliver the leases to the Company with an 80% net revenue interest. TJBB will retain a 12.5% working interest in the leases, although the Company has agreed to pay 100% of the cost of drilling and completing a 12,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab formation by September 1, 2015. The Company's requirement to drill the initial test well is contained in both the Tidewater Agreement and the TJBB Agreement, and by drilling one well in the noted formation, the Company will have satisfied its initial test well drilling obligation under each agreement.

Pursuant to the TJBB Agreement, the purchase price for the leases was $168,215, which was paid in installments from May through September of 2014. The Company acquired an 87.5% working interest and an 80% net revenue interest in the TJBB Leases and TJBB retained a 12.5% working interest in the TJBB Leases. Pursuant to the TJBB Leases, Virtus is obligated to pay 100% of the cost to (i) drill and complete an initial 7,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab by July 31, 2015, which is estimated to cost $500,000, and (ii) drill a secondary 12,000 foot vertical test well in the Jurassic-Navajo, Permian-Kaibab by March 1, 2016. If the Company fails to drill and complete the initial test well and the secondary well in the Jurassic-Navajo, Permian-Kaibab formation by the deadline under the TJBB Agreement, the Company will forfeit its interest in the TJBB Leases.

On April 2, 2015, the Company, entered into the First Amendment to Letter Agreement (the "TJBB Amendment") with Tom Johnson and Bill Berryman (collectively, "TJBB"), which amends the letter agreement dated May 6, 2014, previously entered into by the Company and TJBB (the "TJBB Agreement"). Pursuant to the TJBB Agreement, the Company agreed to purchase an 87.5% working interest in oil and gas leases covering approximately 18,690.50 acres in Iron County, Utah.

Pursuant to the TJBB Agreement, the Company anticipated that it would drill a 12,000-foot test well in the Jurassic-Navajo, Permian-Kaibab formation on the leases no later than June 2015. The TJBB Amendment modifies the TJBB Agreement by postponing the deadline to drill the 12,000-foot test well to March 1, 2016, and replacing the commitment with an initial test well contemplated under Section 1.2 that will be to a depth of 7,000-foot, or a depth sufficient to test the Jurassic-Navajo formation. This is agreed to be completed on or before July 30, 2015. If the Company fails to complete the initial test well by July 30, then it will forfeit its interests in the leases. The TJBB Amendment also provides that the Company will carry TJBB for a 12.5% working interest through the drilling and completion of the initial test well.
In consideration of entering into the TJBB Amendment, the Company issued an aggregate 50,000 restricted shares of its Common Stock to TJBB in a private transaction that was exempt from applicable registration requirements. Except for the amendments described above, the TJBB Agreement will remain unchanged and in full force and effect.

On May 13, 2014, the Company appointed Rupert Ireland to serve as President, Chief Executive Officer, Secretary and Treasurer of the Company, effective immediately. In connection with Mr. Ireland's appointment as President and Chief Executive Officer, the Company entered into an Employment Agreement, dated May 13, 2014, with Mr. Ireland. Pursuant to the Employment Agreement, Mr. Ireland will be paid a base salary of $120,000 per year and a signing bonus of $5,000.

In May 2015, the Company entered into a drilling agreement with Energy Drilling, LLC ("Energy Drilling") to drill a 7,000-foot vertical well on the Company's oil and gas leases in Iron County, Utah. The Company paid Energy Drilling a mobilization fee of $100,000, plus a mobilization rate of $11,900 per day, plus the actual cost of all required equipment, labor, services and permits to drill the well. Drilling on the well was completed in September 2015. It was determined that the well will not be completed. The Company expects to plug the well in May 2016.