

PROAM EXPLORATIONS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Nine Months Ended September 30, 2018

(Expressed in Canadian Dollars)

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED INTERM STATEMENT OF FINANCIAL POSITION
As at September 30, 2018

(Expressed in Canadian Dollars)

	30-Sep 2018	31-Dec 2017
ASSETS		
Current		
Cash	\$ 5,434	\$ 19,808
Marketable Securities	1,001	950
Accounts Receivable	3,581	3,979
	<u>10,016</u>	<u>24,737</u>
Exploration and Evaluation assets	2	2
Property and equipment	510,058	503,268
	<u>\$ 520,076</u>	<u>\$ 528,007</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	58,318	69,021
Other		
Due to related party	29,789	23,662
Asset Retirement Obligations	17,219	16,710
	<u>\$ 105,326</u>	<u>\$ 109,393</u>
EQUITY		
Share Capital	7,234,763	7,234,763
Reserves	2,678,964	2,672,942
Deficit	(9,498,977)	(9,489,091)
	<u>414,750</u>	<u>418,614</u>
	<u>\$ 520,076</u>	<u>\$ 528,007</u>

Nature and continuance of operations - Note 1

Approved and authorized by the Board on November 15, 2018

"Donald L. MacDonald" Director

"W Rex Davidson" Director

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

PROAM EXPLORATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, COMPHRHENSIVE INCOME/LOSS
As at September 30, 2018

(Expressed in Canadian Dollars)

	three months ended 30-Sep 2017	three months ended 30-Sep 2018	Nine months ended 30-Sep 2017	Nine months ended 30-Sep 2018
REVENUE				
Oil and gas revenue	\$ 6,007	\$ 15,786	\$ 26,767	\$ 19,989
EXPENSES				
Accretion, amortization and depletion	76	0	643	600
Operating Expenses	3,556	10,113	17,158	15,741
Filing and transfer fees	209	1,516	8,578	2,417
Office and Miscellaneous	230	665	1,027	1,072
Professional fees		0	10,828	10,045
	<u>\$ 4,071</u>	<u>\$ 12,294</u>	<u>\$ 38,234</u>	<u>\$ 29,875</u>
Net loss before other items	\$ 1,936	\$ 3,492	\$ (11,467)	\$ (9,886)
OTHER ITEMS				
Other Comprehensive income/loss				
Foreign exchange gain/loss	1,882	(12,100)		
Gain/loss marketable securities			3,985	
Unrealized gain/loss marketable securities				52
Income (loss) and comprehensive income loss for the period	<u>\$ 3,818</u>	<u>\$ (8,608)</u>	<u>\$ (7,482)</u>	<u>\$ (9,938)</u>
Basic and diluted loss per share	\$ 0.000	\$ (.001)	\$ (.001)	\$ (.001)
Weighted average number of common shares outstanding	15,283,936	15,283,936	15,283,936	15,283,936

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As at September 30, 2018

(Expressed in Canadian Dollars)

	Share Capital		Reserves			Deficit	Total
	Number of shares	Amount	Share-based payment reserve	Foreign currency translation	Investment revaluation		
Balance at December 31, 2016	15,283,936	\$ 7,234,763	\$ 2,713,096	\$ 46,744	\$ (69,282)	\$ (9,458,956)	\$ 466,365
Income for the period						(11,520)	11,520
Unrealized gain/loss on short term investments					0		0
Foreign exchange gain (loss)				(18,273)			(18,273)
Balance at September 30, 2017	15,283,936	7,234,763	2,713,096	28,471	(69,282)	(9,470,476)	436,572
Income for the period						(30,135)	(30,135)
Unrealized gain/loss on short term investments					4,000		4,000
Foreign exchange gain (loss)				(21,616)			(21,616)
Balance at December 31, 2017	15,283,936	7,234,763	2,713,096	25,128	(65,282)	(9,489,091)	418,614
Income for the period						(9,886)	(9,886)
Unrealized gain/loss on short term investments					52		52
Foreign exchange gain (loss)				5,970			5,970
Balance at September 30, 2018	15,283,936	\$ 7,234,763	\$ 2,713,096	\$ 31,098	\$ (65,230)	\$ (9,498,977)	\$ 414,750

PROAM EXPLORATIONS CORPORATION
CONSOLIDATED INTERM STATEMENT OF CASH FLOWS
As at September 30, 2018

(Expressed in Canadian Dollars)

	30-Sep 2018	30-Sep 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ (9,834)	\$ (7,481)
Non-cash operating items		
Accretion, amortization and depletion	600	643
Affect of foreign exchange	(962)	8,423
Changes in non cash working capital items		
(Increase) decrease in receivables	398	(12,867)
(Decrease) increase in accounts payable	(4,576)	(6,778)
	\$ <u>(14,374)</u>	\$ <u>36,192</u>
Other		
Investing activity		13,895
Increase in related party advances		5,806
		\$ <u>19,701</u>
Change in cash for the period	\$ (14,374)	\$ 55,893
Cash, beginning of the period	\$ 19,808	\$ 27,029
Cash end of the period	\$ 5,434	\$ 82,922

ProAm Explorations Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
(Expressed in Canadian dollars)
nine months ended September 30, 2018

1. Nature and continuance of operations

Proam Explorations Corporation (the "Company") is incorporated under the laws of the province of British Columbia, Canada.

The head office of the Company are located at 867, West Third Street, North Vancouver, British Columbia, Canada, V7P 1E2

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

2. Statement of compliance and significant accounting policies

These unaudited condensed interim financial statements were authorized for issue on November 15, 2018, by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

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

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2018.

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Statement of compliance with International Financial Reporting Standards (cont'd)

Included in exploration and evaluation assets are the following:

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
		December 31,	
Country of incorporation		2018	2017
OSEC Petroleum Canada Limited	Canada	100%	100%
OSEC Trading Corp.	Canada	100%	100%
OSEC Petroleum Inc.	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

ProAm Explorations Corporation
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3. Accounting standards issued but not yet effective

The following standards, amendments and interpretations have been adopted during the current period:

IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Short-term investments

Short-term investments consist of shares of unrelated listed companies.

5. Accounts receivable

	September 30, 2018	December 31, 2017
Trade receivables	\$ 3,581	\$ 3,973
Other receivables	-	-
	\$ 3,581	\$ 3,973

6. Accounts payables and accrued liabilities

	September 30, 2018	December 31, 2017
Trade payables	\$ 58,318	\$ 54,021
Accrued liabilities		15,000
	\$ 58,318	\$ 69,021

7. Exploration and evaluation assets

	September 30, 2018	December 31, 2017
Balance, beginning of the year	\$ 2	\$ 2
Impairment of exploration and evaluation asset	-	-
Foreign exchange adjustment	-	-
	\$ 2	\$ 2

ProAm Explorations Corporation

Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)

nine months ended September 30, 2018

7. Exploration and evaluation assets (cont'd)

Included in exploration and evaluation assets are the following:

Tucker County, West Virginia: A 3.6% revenue, net of royalty, interest in 1 unproven well. During the year ended December 31, 2015, the Company determined the Tucker County property to be impaired and recognized an impairment charge of \$67,951 to reduce the carrying value to \$1.

The Company owns the Samuel Lake Property and related property subject to 2.5% NSR, in certain claims comprising the Samuel Lake Property. The Samuel Lake Property and related property are carried at a nominal value of \$1.

8. Property and equipment

The Company owns working interests in a number of oil and gas properties as follows:

United States

Eastern Ohio: 2 natural gas producing wells ranging from a 2.8% - 4.24% revenue, net of royalty, interest.

Indiana County, Pennsylvania: A 75% revenue, net of royalty, interest in 41 oil producing wells and a 37.5% revenue, net of royalty, interest in 1 additional oil producing well.

Logan County, Arkansas: 1 gas producing wells ranging 10.1% revenue, net of royalty, interest.

Oklahoma City, Oklahoma: A 10.5% revenue, net of royalty, interest in 1 natural gas producing wells.

Canada

Alberta: 50% interest in two producing gas wells.

9. Decommissioning Liabilities

The total future asset retirement obligations were estimated based on the Company's net ownership interest in all wells and facilities, the estimated cost to abandon and reclaim the wells and facilities and the estimated timing of the cost to be incurred in future periods. A credit adjusted risk-free rate of 9.2% and an inflation rate of 2% was used to calculate the present value of US \$12,804. A Canadian property included in this amount has a retirement obligation of \$235.

Decommissioning Liabilities

The asset retirement obligations for the periods ended are as follows:

Balance, December 31, 2015	\$	16,537
Revision in estimated cash flow and discount rate		-
Accretion		1,197
Foreign exchange adjustment		(379)
Balance, December 31, 2016		<u>17,355</u>
Accretion		462
Foreign exchange adjustment		(1,108)
Balance, December 31, 2017		<u>16,710</u>

ProAm Explorations Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

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10. Share capital

Authorized share capital

Unlimited number – Common shares without par value.

100,000,000 – Class A voting common shares with no par value

4,474,000 – Preferred shares with no par value.

526,000 – 15% cumulative Series A preferred shares with no par value.

Issued share capital

The Company did not issue any common shares during the year ended December 31, 2016 or during the year ended December 31, 2017 nor the period ending March 31, 2018.

As at September 30, 2018 and December 31, 2017, the Company owns 2,920,207 of its own Class A voting common shares acquired at an average cost of \$889,957. These shares are recorded as a reduction on equity.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares.

The Company expenses the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

The Company did not grant any stock options during the year ended December 31, 2017 or during the six months ended September 30, 2018.

Details of options outstanding as at December 31, 2017, all of which are exercisable, are as follows:

Exercise price	Weighted average contractual life	Number of options outstanding
\$0.05	.66	1,000,000

11. Reserves

Share based payment reserve

The share based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The share based payment reserve also records gains and losses on settlement of debt with related parties (Notes 10 and 12).

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Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of subsidiaries of the Company that have a functional currency other than the Canadian dollar.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

12. Related party transactions

Related party balances

The following amounts due to related parties:

	September 30, 2018	December 31, 2017
Companies controlled by directors of the Company	\$29,789	\$23,662

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company incurred the following transactions with companies that are controlled by directors of the Company.

	September 30, 2018	December 31, 2017
Management fees	-	-

Key management personnel compensation

	September 30, 2018	December 31, 2017
Short-term employee benefits – management fees	-	-

13. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and the United States. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its accounts receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and amounts due from the Company's partners from its oil and gas properties.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been from oil and gas revenues. Management believes that its revenues may not be adequate to pay for its day to day operations. Additional sources of funding may be required.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2018:

Trade payables	\$ 58,318	\$ -	\$ -
Due to related parties	29,789		
	\$ 88,105		

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States. The Company's functional currency is the Canadian dollar. The Company has not hedged its exposure to currency fluctuations.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

	September 30, 2018	December 31, 2017
Cash	\$ 2,181	\$ 2,822
Accounts receivable	1,866	3,701
Accounts payable	(28,315)	(28,980)
	\$ (24,268)	\$ (22,457)

ProAm Explorations Corporation

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(Expressed in Canadian dollars)

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Assuming that all variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would not materially affect the loss from operations.

13. Financial risk and capital management (cont'd)***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to the portion of the Company's cash held in bank accounts that earn interest. Due to the limited and short term nature of these financial instruments, fluctuations in the interest rates will not have a significant impact on their fair value. As at September 30, 2018, the Company had not entered into any derivative contracts to manage this risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2018	December 31, 2017
Cash	\$ 5,434	\$ 19,808
Loans and receivables:		
Receivables	3,581	3,979
Available-for-sale financial instruments:		
Short-term investments	1,001	950
	<u>10,016</u>	<u>\$ 23,789</u>

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2018	December 31, 2017
Non-derivative financial liabilities:		
Trade payables	\$ 58,318	\$ 54,021
Amounts due to related parties	29,789	23,662
	<u>88,107</u>	<u>\$ 77,683</u>

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(Expressed in Canadian dollars)
nine months ended September 30, 2018

13. Financial risk and capital management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Fair value

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2018 and December 31, 2017:

As at September 30, 2017			
	Level 1	Level 2	Level 3
Cash	\$ 5,434	\$ -	\$ -
Short-term investments	1,001	-	-
	\$ 6,435	\$ -	\$ -
As at December 31, 2017			
	Level 1	Level 2	Level 3
Cash	\$ 19,808	\$ -	\$ -
Short-term investments	950	-	-
	\$ 20,758	\$ -	\$ -

ProAm Explorations Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
(Expressed in Canadian dollars)
nine months ended September 30, 2018

14. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of oil and gas properties.

Geographic segments

The Company's non-current assets are located in the following countries:

As at September 30, 2018			
	Canada	United States	Total
Revenue	6,118	\$ 13,851	19,969
Exploration and evaluation assets	1	1	2
Property and equipment	315,163	194,895	510,058
As at December 31, 2017			
	Canada	United States	Total
Revenue	\$ 13,717	\$ 21,305	\$ 35,022
Exploration and evaluation assets	1	1	2
Property and equipment	315,168	188,100	503,268