

RIPPER OIL AND GAS INC.

Financial Statements
(Expressed in Canadian Dollars)

As at and for the years ended March 31, 2017 and 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Ripper Oil and Gas Inc.

We have audited the accompanying financial statements of Ripper Oil and Gas Inc., which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ripper Oil and Gas Inc. as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 21, 2017



RIPPER OIL AND GAS INC.

Statements of Financial Position

(Expressed in Canadian dollars)

As at March 31,

	2017		2016
Assets			
Current Assets			
Cash	\$ 433,244	\$	92,323
Receivables	-		1,081
Total Assets	\$ 433,244	\$	93,404
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 11,448	\$	12,613
Shareholders' Equity			
Share capital (Note 6)	9,170,337		8,680,337
Share-based payment reserve (Note 6)	498,873		498,873
Deficit	(9,247,414)		(9,098,419)
	421,796		80,791
Total Liabilities and Shareholders' Equity	\$ 433,244	\$	93,404

Nature and continuance of operations (Note 1)

Related party transactions (Note 5)

Approved on Behalf of the Board on July 21, 2017:

"Scott Ackerman"

Scott Ackerman – Director

"Doug McFaul"

Doug McFaul – Director

The accompanying notes are an integral part of these financial statements

RIPPER OIL AND GAS INC.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

For the years ended March 31,

	2017	2016
Expenses		
Consulting fees	\$ -	\$ 1,000
General and administrative	14,764	15,120
Management fees (Note 5)	79,750	108,000
Professional fees	39,970	11,864
Share-based compensation (Note 6)	-	39,400
Transfer agent and filing fees	14,511	11,233
Loss and comprehensive loss	\$ (148,995)	\$ (186,617)
Weighted average number of shares outstanding - basic and diluted	11,813,233	6,895,651
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)

The accompanying notes are an integral part of these financial statements

RIPPER OIL AND GAS INC.Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity
Balance, March 31, 2015	6,895,651	8,680,337	459,473	(8,911,802)	\$ 228,008
Loss for the year	-	-	-	(186,617)	(186,617)
Share-based payments	-	-	39,400	-	39,400
Balance, March 31, 2016	6,895,651	\$ 8,680,337	\$ 498,873	\$ (9,098,419)	\$ 80,791
Loss for the year	-	-	-	(148,995)	(148,995)
Share issuance	10,000,000	500,000	-	-	500,000
Share issuance costs	-	(10,000)	-	-	(10,000)
Balance, March 31, 2017	16,895,651	\$ 9,170,337	\$ 498,873	\$ (9,247,414)	\$ 421,796

The accompanying notes are an integral part of these financial statements

RIPPER OIL AND GAS INC.
 Statements of Cash Flows
 (Expressed in Canadian dollars)
 For the years ended March 31,

	2017	2016
Cash (used in) / provided by:		
Operating Activities:		
Loss for the year	\$ (148,995)	\$ (186,617)
Item not affecting cash:		
Share-based payments	-	39,400
Changes in non-cash working capital items:		
Receivables	1,081	814
Accounts payables and accrued liabilities	(1,165)	1,223
	(149,079)	(145,180)
Financing Activities:		
Share issuance	500,000	-
Share issuance costs	(10,000)	-
	490,000	-
Change in cash for the year	340,921	(145,180)
Cash, beginning of the year	92,323	237,503
Cash, end of the year	\$ 433,244	\$ 92,323
Supplemental cash flow information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Ripper Oil & Gas Inc. (“Ripper” or the “Company”) is a public company and its shares are listed on the NEX Board of the TSX Venture Exchange (TSX-V: RYP.H). The Company was originally incorporated under the Business Corporations Act (Alberta) on October 20, 2000 and on May 25, 2012; Ripper was continued as a British Columbia corporation under the Business Corporations Act (British Columbia). The Company’s head office is located 1600 – 609 Granville Street, Vancouver, B.C. V7Y 1C3 and registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

During the year ended March 31, 2017, the Company consolidated its share capital on the basis of 2 old common shares for one new common shares. Outstanding stock options and warrants were adjusted by the consolidation ratio. All common shares and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

The Company has no sources of revenue and its primary operation is the identification, and evaluation of a new business opportunity for the purpose of acquisition or participation. The Company currently has sufficient liquidity to meet its operational requirements for the next fiscal year. However, the Company’s continued operations are dependent upon its ability to identify, evaluate and successfully negotiate an agreement to acquire an interest in a sustainable/viable business operation. Any acquisition proposed by the Company will be subject to shareholder and regulatory approval. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation, and/or will be able to obtain the financing necessary to support a new business acquisition.

The Company is currently focused on seeking new business opportunities to either acquire or within which to participate.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

i. Deferred income tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

ii. Share-based payments

Determining the fair value of options and warrants requires the exercise of judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options or warrants at the date of grant. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. Refer to Note 6 for a summary of assumptions used.

(b) Critical accounting judgements

The information about significant areas of judgement considered by management in preparing the financial statements is as follows:

i. Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 1.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar ("CAD"). The functional currency is based on the principal currency of the economic environment in which each entity operates.

Transactions in foreign currencies are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in profit or loss.

(b) Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from shareholders' equity, net of any tax effects.

(c) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(d) Share-based payments

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The Company annually revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to reserve.

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

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present liability for statutory, contractual, or legal obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The Company does not have any provisions for the years presented.

(f) Financial instrument measurement and valuation

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 assets or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 8 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) Income taxes

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

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

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(h) Financial assets (*continued*)

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

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

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

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

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company has classified its receivables as loans and receivables, and its cash as FVTPL. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Recent Accounting Pronouncements

Effective for annual beginnings on or after January 1, 2017

2015 Amendments to IFRS for Small and Medium Sized Entities (“IFRS for SMEs”)

Various amendments and clarifications within IFRS for SMEs.

IAS 12: Income Taxes: Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9: Financial instruments: Classification and Measurement: applied to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 15: Revenue from Contracts with Customers: a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreement for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Baster Transactions involving Advertising Services.

Effective for annual periods beginning on or after January 1, 2019

IFRS 16: Leases: a new standard that sets out the principle for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of lease as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended March 31,	
	2017	2016
Share-based payments	\$ -	\$ 39,400

Summary of expenses incurred:

Type of Service	Nature of Relationship	For the year ended March 31,	
		2017	2016
Management fees (management and accounting services)	To a company that has a director in common with the Company	\$ 79,000	\$ 108,000
Rent (included in general and administrative)	To a company that has a director in common with the Company	12,000	12,000
Total		\$ 91,000	\$ 120,000

No amounts are due from or due to related parties as at March 31, 2017 and 2016.

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

(a) Authorized

Unlimited common shares

Unlimited preferred shares, of which none have been issued

(b) Shares issued

On October 3, 2016, the Company completed a non-brokered private placement which raised \$500,000 through issuance of 10,000,000 units at a price of \$0.05 per unit. Each unit consists of one post consolidated common share and one share purchase warrant with each share purchase warrant entitling the holder to acquire one additional post consolidated common share at a price of \$0.06 per share until October 2, 2017.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**(c) Share consolidation**

On October 3, 2016, the Company completed a 2 old for 1 new share consolidation. All share and per share information in these financial statements have been restated to retroactivity reflect this consolidation.

(d) Stock Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Subject to a minimum exercise price of \$0.05 per share, the exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted average Exercise Price
Balance March 31, 2015	550,000	\$ 0.50
Cancelled	(187,500)	\$ 0.50
Granted	175,000	\$0.25
Balance, March 31, 2016	537,500	\$ 0.42
Cancelled	(50,000)	\$ 0.50
Balance, March 31, 2017	487,500	\$ 0.41

At March 31, 2017, stock options outstanding and exercisable are as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
June 13, 2012	312,500	\$ 0.50	June 13, 2017	0.20*
June 15, 2015	87,500	\$ 0.25	June 15, 2020	3.21
June 26, 2015	87,500	\$ 0.25	June 26, 2020	3.24
Total	487,500	\$ 0.41		1.29

*Subsequently expired unexercised

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options. For the year ended March 31, 2017, the Company recorded \$ nil (2016 - \$39,400) in share-based payment reserve as a result of options vesting during the year.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)**(d) Stock Options (continued)**

The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the following weighted average assumption:

	2017	2016
Weighted average risk-free interest rate	N/A	1.57%
Weighted average expected life	N/A	5 years
Weighted average expected volatility	N/A	145.65%
Weighted average fair value of options granted	N/A	\$0.113

(e) Warrants

On October 3, 2016, as part of the Company a non-brokered private placement the Company issued 10,000,000 share purchase warrants, with each warrant entitling the holder to acquire one common share at a price of \$0.06 per share until October 2, 2017.

A summary of the Company's warrant activity is as follow:

	Number of warrants	Weighted Average Exercise price
Balance, as at March 31, 2015 and 2016	-	\$ -
Issued	10,000,000	0.06
Balance, as at March 31, 2017	10,000,000	\$ 0.06

At March 31, 2017, warrants outstanding and exercisable are as follows:

Issue Date	Number of warrants Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
October 3, 2016	10,000,000	\$ 0.06	October 2, 2017	0.51
Total	10,000,000	\$ 0.06		

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

7. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, share-based payment reserve and deficit). The Company's objectives when managing capital are to support the identification and acquisition of a new business opportunity and thus the creation of shareholder value as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at March 31, 2017, the Company does not have any long term debt outstanding and is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the year ended March 31, 2017.

8. FINANCIAL INSTRUMENTS

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values due to the short term nature of the instruments. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

(a) Financial Risk Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

I. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a cash balance of \$433,244 to settle current liabilities of \$11,448. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at March 31, 2017, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such will likely require additional financing to accomplish the Company's long term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a moderate level of liquidity risk.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS (continued)

(a) Financial Risk Factors (continued)

II. Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due, causing a financial loss. As at March 31, 2017, the Company had \$nil in receivable and as such the Company considers its credit risk to be low.

III. Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. Interest rate risk

The Company considers it to have minimal exposure to interest rate risk as it has no interest-bearing investments or debt.

ii. Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash balances denominated in United States dollars ("US\$"). A 10% fluctuation in the US\$ against the Canadian dollar would not materially affect profit or loss.

iii. Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

RIPPER OIL AND GAS INC.

Notes to the Financial Statements

As at and for the years ended March 31, 2017 and 2016

(Expressed in Canadian dollars)

9. INCOME TAXES

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

	2017	2016
Loss before taxes	\$ (148,995)	\$ (186,617)
Expected tax recovery	(39,000)	(49,000)
Permanent difference	-	10,000
Share issue costs	(3,000)	-
Change in unrecognized deductible temporary differences	42,000	39,000
Income tax recovery	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	March 31, 2017	Expiry Date Range	March 31, 2016	Expiry Date Range
Temporary differences				
Equipment	\$ 7,000	No expiry date	\$ 7,000	No expiry date
Share issue costs	8,000	2036 to 2037	4,000	2036 to 2037
Non-capital losses	769,000	2033 to 2036	614,000	2033 to 2036

Tax attributes are subject to review, and potential adjustment, by tax authorities.