

Condensed Interim Financial Statements

Pinedale Energy Limited

Unaudited - Expressed in Canadian Dollars

For the nine months ended September 30, 2021, and
2020

PINEDALE ENERGY LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
September 30, 2021

Management's Comments on Unaudited Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Pinedale Energy Limited for the nine-month period ended September 30, 2021 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

PINEDALE ENERGY LIMITED
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

[Unaudited - Expressed in Canadian dollars]

As at

	September 30, 2021 \$	December 31, 2020 \$
ASSETS		
Current		
Cash and bank balances	2,316	29,661
Receivables and prepaids	63,987	62,396
Total current assets	66,303	92,057
Total assets	66,303	92,057
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	145,522	114,739
Current portion of promissory note <i>[note 3]</i>	95,557	95,490
Total current liabilities	241,079	210,229
Total liabilities	241,079	210,229
Shareholders' equity (deficit)		
Share capital <i>[note 4]</i>	5,319,746	5,319,746
Contributed surplus	711,932	711,932
Deficit	(6,206,454)	(6,149,850)
Total shareholders' (deficit) equity	(174,776)	(118,172)
Total liabilities and shareholders' equity	66,303	92,057

See accompanying notes

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

On behalf of the Board:

"Scott Young"

Director

"Claus Andrup"

Director

PINEDALE ENERGY LIMITED**CONDENSED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

[Unaudited - Expressed in Canadian dollars]

	Three months ended September 30, 2021 \$	Three months ended September 30, 2020 \$	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative expenses	5,043	12,768	23,699	68,320
Director's fees	6,000	11,484	22,710	11,484
Share based compensation	-	-	-	5,694
Filing and regulatory	445	4,542	10,195	18,972
Net gain on disposal of subsidiary	-	(83,143)	-	(83,143)
	11,488	(54,349)	56,604	21,327
NET LOSS FROM CONTINUING OPERATIONS	(11,488)	54,349	(56,604)	(21,327)
Loss from discontinued operations [Note 9]	-	(27,928)	-	(176,748)
NET LOSS FOR PERIOD	(11,488)	26,421	(56,604)	(198,075)
Other comprehensive income (loss):				
Exchange differences from translation of foreign operations	-	(732,774)	-	(732,774)
COMPREHENSIVE (LOSS) INCOME FOR PERIOD	(11,488)	(706,353)	(56,604)	(930,849)
Basic and diluted earnings per share				
Continuing operations	0.00	0.00	0.00	0.00
Discontinued Operations	0.00	0.00	0.00	0.00
Weighted average number of common shares	112,472,114	112,472,114	112,472,114	112,472,114

See accompanying notes

PINEDALE ENERGY LIMITED

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[Unaudited - Expressed in Canadian dollars]

	Number of issued and outstanding Class A Common shares #	Share capital \$	Contributed Surplus \$	Retained earnings \$	Accumulated other comprehensive income (loss) \$	Total equity \$
Balance, December 31, 2019	112,472,114	5,319,746	688,841	(5,909,474)	732,774	831,887
Share based compensation	-	-	23,091	-	-	23,091
Other comprehensive loss for the year	-	-	-	-	(732,774)	(732,774)
Net loss for the year	-	-	-	(240,376)	-	(240,376)
Balance, December 31, 2020	112,472,114	5,319,746	711,932	(6,149,850)	-	(118,172)
Net loss for the period	-	-	-	(56,604)	-	(56,604)
Balance, September 30, 2021	112,472,114	5,319,746	711,932	(6,206,454)	-	(174,776)

See accompanying notes

PINEDALE ENERGY LIMITED
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

[Unaudited - Expressed in Canadian dollars]

	Period ended September 30, 2021 \$	Period ended September 30, 2020 \$
OPERATING ACTIVITIES		
Net income (loss) for the period	(54,604)	(198,075)
Add items not affecting cash		
Foreign exchange	67	-
Net liabilities on disposal of subsidiary	-	(331,543)
Share based compensation	-	5,694
Non-cash portion of interest expense	-	73,974
Depletion	-	573,483
	<u>(56,537)</u>	<u>123,533</u>
Changes in non-cash working capital items		
Other receivables and prepaids	(1,591)	349,078
Accounts payable and accrued liabilities	30,783	(353,793)
Cash provided by operating activities	<u>(27,345)</u>	<u>118,818</u>
INVESTING ACTIVITIES		
Investment in oil and gas properties	-	(26,245)
Cash used in investing activities	<u>-</u>	<u>(26,245)</u>
FINANCING ACTIVITIES		
Funds received (paid) on promissory note	-	(542,957)
Borrowings (repayment) on long-term debt	-	(204,420)
Cash provided by (used in) financing activities	<u>-</u>	<u>(747,377)</u>
Increase (decrease) in cash during the period	<u>(27,345)</u>	<u>(654,804)</u>
Cash, beginning of period	29,661	747,438
Cash, end of period	<u>2,316</u>	<u>92,634</u>

See accompanying notes

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021 AND 2020

[Unaudited - Expressed in Canadian dollars]

1. NATURE OF OPERATIONS

Pinedale Energy Limited [“Pinedale” or the “Company”] was incorporated under the British Columbia Business Corporations Act on December 17, 2007. The Company is a junior resource company previously engaged in the identification, and the exploration and development, of both proven and unproven reserves via drilling and/or acquisition with a focus on the State of Wyoming, U.S.A. The address of the Company's registered office is Suite 1500 - 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company is trading on the Toronto Venture Exchange (TSX-V) under the trading symbol “MCF”.

On July 29, 2020 the Company sold its interest in its wholly-owned subsidiary companies with the result that the Company's oil and gas assets and related liabilities were disposed of. The interim financial statement comparatives include the consolidated results of the subsidiaries for the period.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At September 30, 2021, the Company had cash of \$2,316 (December 31, 2020 - \$29,661) and working capital deficiency of \$174,776 (December 31, 2020 – \$118,172). The Company currently has no active business and is not generating any revenues. It has frequently incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$6,206,454 as at September 30, 2021 (December 31, 2020 – \$6,149,850). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. These financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

On March 11, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. While the extent of the impact is unknown, we anticipate this outbreak may cause staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial condition.

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021 AND 2020

[Unaudited - Expressed in Canadian dollars]

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020 (“2020 Annual Consolidated Financial Statements”), which have been prepared in accordance with IFRS.

Significant accounting estimates and judgments

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. Certain estimates by their nature are uncertain. The impacts of such estimates could be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those disclosed in Note 3 of Pinedale’s Annual Consolidated Financial Statements that were authorized for issue by the Board of Directors (the “Board”) on April 29, 2021.

Accounting standards and amendments issued but not yet adopted

There are no IFRS that are not yet effective that would be expected to have a material impact on the Company.

3. PROMISSORY NOTE

On September 16, 2020, the Company executed a promissory note of US\$75,000 to secure short-term financing for working capital purposes. The note is unsecured, interest free and was repayable on July 31, 2021. The Company expects to continue to negotiate extensions until closing of the proposed transaction described in note 10.

4. SHARE CAPITAL

Authorized

The Company is authorized to issue:

- An unlimited number of voting Class A common shares without par value; and
- An unlimited number of voting Class B common shares without par value.

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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[Unaudited - Expressed in Canadian dollars]

4. SHARE CAPITAL (continued)

Issued and Outstanding

As at September 30, 2021, there were 112,472,114 Class A shares outstanding and no Class B shares outstanding.

Stock option plan

The Company has a 20% fixed stock option plan under which stock options to purchase common shares of the Company may be granted to directors, officers and consultants.

In May 2020, the Company cancelled an aggregate of 1,314,064 incentive stock options which were granted in 2017 to certain directors, officers and consultants. Following the cancellation of the stock options there are no stock options issued and outstanding under the Company's 2017 stock option plan. No stock options were granted in 2020 or in the six month period ended September 30, 2021.

During the year ended December 31, 2017, the Company granted 1,314,064 options with an exercise price of \$0.26 and an expiry date of June 26, 2022. In connection with this grant the company recorded a share based compensation expense of \$Nil during the period ended September 30, 2021 (September 30, 2020 – \$5,694).

Warrants

On April 30, 2016, the Company issued 999,999 warrants as part of a non-brokered private placement. These warrants had an exercise price of \$0.26 and expired on April 29, 2021.

On June 26, 2017, the Company issued 5,000,000 warrants as part of a non-brokered private placement. These warrants have an exercise price of \$0.26 and expire on June 26, 2022.

On October 26, 2017, the Company issued 5,000,000 warrants as part of a non-brokered private placement. These warrants have an exercise price of \$0.36 and expire on October 26, 2022.

As at September 30, 2021, the Company has a total of 10,000,000 warrants outstanding and exercisable for which the weighted average exercise price and the weighted average remaining life was \$0.31 and 0.9 years, respectively.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

	September 30, 2021	September 30, 2020
Interest on promissory notes	-	\$72,462
Consulting Fees	-	\$60,000
Directors' fees	\$22,710	\$3,000
Share based compensation	-	\$3,796

As at September 30, 2021, accounts payable and accrued liabilities included \$48,4033 (September 30, 2020: \$12,058) due to related parties.

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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[Unaudited - Expressed in Canadian dollars]

6. CAPITAL MANAGEMENT

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interest of all stakeholders. The capital of the Company consists of cash and the items included in shareholders' equity, which is consistent with the prior year.

The Company currently has limited sources of revenues. As such, the Company is dependent upon external financings to fund activities. In order to finance future projects and to pay for administrative activities, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the relative size of the Company, is reasonable. There has been no change to the Company capital management process in the past year.

7. FINANCIAL INSTRUMENTS RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated with cash. The carrying amounts of these assets included on the statement of financial position represent the maximum credit exposure. The Company limits exposure to credit risk by maintaining its cash with institutions of high creditworthiness.

The Company's investment policy is to hold cash in interest-bearing bank accounts and highly liquid short-term interest bearing instruments with maturities of one year or less which can be liquidated at any time without penalties.

Credit risk

The Company has no trade receivables and other receivables are comprised almost entirely of GST receivable. The accounts receivable are subject to the standard risk inherent in the industry and are all current at period end.

Foreign exchange risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. The Company currently operates in Canada and other than the promissory note referred to in Note 3, does not have any financial instruments or debts denominated in currencies other than the Canadian Dollar.

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[Unaudited - Expressed in Canadian dollars]

7. FINANCIAL INSTRUMENTS RISK EXPOSURE AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings. The Company believes that these sources should be sufficient to cover the likely short term requirements. In the long term, the Company may have to issue additional shares to ensure there is cash available for its programs. All current financial liabilities, being accounts payable and accrued liabilities, are payable within a 90 day period and are to be funded from cash.

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. The Company is not exposed to any interest rate risk as there is no interest bearing debt.

8 SEGMENT INFORMATION

The Company currently operates its business as a single operating entity and its assets and liabilities are in Canada.

9. DISCONTINUED OPERATIONS

In July 2020 the Company completed the sale of its wholly owned subsidiary, 0970831 B.C. Ltd., and its indirect wholly owned subsidiary, Pinedale Energy Inc., which holds the oil and gas assets, pursuant to a Share Transfer and Assignment Agreement. Pursuant to the terms and conditions of the Share Transfer Agreement: (i) all of the issued and outstanding shares of 0970831 B.C. Ltd. were transferred to the purchasers; and (ii) all outstanding indebtedness of the Company owed to the purchasers, and all indebtedness owed to the Company by the Company's indirect wholly owned subsidiary Pinedale Energy Inc., was assigned to and assumed by 0970831 B.C. Ltd.

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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[Unaudited - Expressed in Canadian dollars]

9. DISCONTINUED OPERATIONS (continued)

Below summarizes the results of discontinued operations of the Company's interest in its Oil and Gas subsidiaries included in the Statement of Operations for the comparative period in the prior year.

	Three months ended September 30, 2020	Nine months ended September 30, 2020
	\$	\$
REVENUE		
Natural gas sales	-	1,753,575
Royalties	-	(111,770)
Net oil and gas revenue	-	1,641,805
OPERATING EXPENSE		
Consulting fees	-	7,781
Depletion	-	573,483
Production tax	-	133,406
Gathering	-	250,031
Lease operating	-	305,316
Transportation	-	13,799
	-	1,283,816
	-	357,989
GENERAL AND ADMINISTRATIVE EXPENSES		
Administration services	26,928	153,600
Consulting fees	1,000	93,974
Interest	-	287,163
	27,928	534,737
NET (LOSS) INCOME BEFORE TAXES	(27,928)	(176,748)
Income tax expense	-	-
NET (LOSS) INCOME FROM DISCONTINUED OPERATIONS	(27,928)	(176,748)

PINEDALE ENERGY LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021 AND 2020

[Unaudited - Expressed in Canadian dollars]

10. SUBSEQUENT EVENT

On October 6, 2020 the Company announced that it had executed a definitive merger agreement with Flavocure Biotech, Inc. (“Flavocure”), and entered into an engagement letter (the “Engagement Letter”) with Leede Jones Gable Inc. in respect of a proposed offering by Pinedale of subscription receipts pursuant to which Pinedale will raise gross proceeds of up to \$3,000,000, subject to a minimum offering of \$1,500,000.

Further to the letter of intent entered into on May 19, 2020, the Corporation has entered into a binding merger agreement (the “Merger Agreement”) with Flavocure and Pinedale USA Inc. (“Pinedale Sub”) a wholly-owned subsidiary of the Company, in respect of a statutory merger under the Delaware General Corporation Law (the “Proposed Transaction”). Upon completion of the Proposed Transaction, the resulting company (the “Resulting Issuer”) will continue to carry on the business of Flavocure, is expected to change its name to “Flavocure Biotech, Inc.” and is expected to remain listed on the TSX Venture Exchange (the “Exchange”).

Pursuant to the Merger Agreement, Pinedale is required to implement a 10:1 consolidation of its outstanding Common Shares. Thereafter, Flavocure will merge with Pinedale Sub, and the shareholders of Flavocure will receive post-consolidation Common Shares of the Resulting Issuer based upon the exchange ratio, which is 65 post-consolidation Common Shares for each share of common stock of Flavocure. Certain convertible notes issued by Flavocure will be automatically converted into Flavocure common stock in connection with the Proposed Transaction. The board of directors and officers of the Resulting Issuer will be changed to appoint nominees determined by Flavocure.

The Proposed Transaction has not yet completed and is subject to the satisfaction of various conditions that are customary for a transaction of this nature, including but not limited to, the approval by the shareholders of Flavocure, and the receipt of all requisite regulatory, stock exchange, or governmental authorizations and consents, including the TSX-V.