

SAMOTH OILFIELD INC.

Financial Statements

For the years ended October 31, 2019 and 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Samoth Oilfield Inc.

The management of Samoth Oilfield Inc. prepared these financial statements and is responsible for their reliability, completeness and integrity. They conform in all material aspects to International Financial Reporting Standards.

Management maintains the necessary accounting and internal control systems to ensure: the timely production of reliable and accurate accounting information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, who are recommended to the Shareholders by the Audit Committee and appointed by the Shareholders, conducted an audit of these financial statements in accordance with Canadian auditing standards. The Audit Committee reviewed these financial statements with the auditors in detail before recommending their approval.

St. Albert, Alberta
February 28, 2020

Signed "Leonard D. Jaroszuk"
Leonard Jaroszuk, President, Chief Executive Officer

**Crowe MacKay LLP**

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Independent Auditor's Report

To the Shareholders of Samoth Oilfield Inc.

Opinion

We have audited the financial statements of Samoth Oilfield Inc. ("the Company"), which comprise the statements of financial position as at October 31, 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Samoth Oilfield Inc. for the year ended October 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2019.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have

performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Todd Freer.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Calgary, Canada
February 28, 2020**

SAMOTH OILFIELD INC.

Statements of Financial Position

October 31,	2019	2018 (Restated – Note 17)
ASSETS		
Current Assets:		
Cash	\$499,189	\$10,652
Trade and other receivables	-	6,250
Prepays and deposits (Note 5)	15,492	656,102
	514,681	673,004
Equipment (Note 6)	-	341,307
	\$514,681	\$1,014,311
LIABILITIES AND EQUITY		
Current Liabilities:		
Trade and other payables (Note 7)	\$108,222	\$137,088
Decommissioning liabilities (Note 10)	282,561	241,796
	390,783	378,884
EQUITY		
Share capital (Note 11)	3,287,398	2,994,603
Contributed surplus	657,575	596,870
Deficit	(3,821,075)	(2,956,046)
	123,898	635,427
	\$514,681	\$1,014,311

Going concern (Note 2)

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

Approved on behalf of the Board:

“Leonard D. Jaroszuk” Director

“Des O’Kell” Director

SAMOTH OILFIELD INC.

Statements of Loss and Comprehensive Loss

Years ended October 31,	2019	2018 (Restated – Note 17)
Petroleum and natural gas sales, net of royalties (Note 15)	\$17,782	\$44,420
Expenses		
Production and transportation	145,002	162,077
Impairment (Note 6)	37,235	3,567
Finance (recovery) (Note 10)	3,530	(4,855)
Depreciation (Note 6)	-	31,856
Share-based compensation (Note 8)	277,000	225,000
General and administrative (Note 7)	433,012	136,553
	895,779	554,198
Loss before other income	(877,997)	(509,778)
Other income		
Rental revenue (Note 7)	-	150,000
Gain on sale of equipment (Note 7)	3,330	11,877
Interest income	9,638	2,914
	12,968	164,791
Net loss and comprehensive loss	\$(865,029)	\$(344,987)
Loss per share		
Basic	\$(0.026)	\$(0.011)
Diluted	\$(0.026)	\$(0.011)
Weighted average number of common shares outstanding		
Basic	32,904,756	31,447,222
Diluted	33,550,936	32,817,767

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

SAMOTH OILFIELD INC.

Statements of Changes in Equity

	Share Capital	Contributed Surplus	Deficit	Total
Balance as at October 31, 2017	\$2,994,603	\$371,870	\$(2,611,059)	\$755,414
Share-based compensation (Restated – Note 17) (Note 8)	-	225,000	-	225,000
Net loss (Restated – Note 17)	-	-	(344,987)	(344,987)
Balance as at October 31, 2018	\$2,994,603	\$596,870	\$(2,956,046)	\$635,427
Share-based compensation (Note 8)	-	277,000	-	122,000
Stock options exercised (Note 11)	76,500			76,500
Contributed surplus allocated to share capital on exercise of stock options (Note 11)	216,295	(216,295)	-	-
Net loss	-	-	(865,029)	(865,029)
Balance as at October 31, 2019	\$3,287,398	\$657,575	\$(3,821,075)	\$123,898

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

SAMOTH OILFIELD INC.
Statements of Cash Flows

Years ended October 31,	2019	2018 (Restated – Note 17)
Cash provided by (used in):		
OPERATING ACTIVITIES:		
Net loss	\$(865,029)	\$(344,987)
Items not affecting cash:		
Gain on sale of equipment (Note 7)	(3,330)	(11,877)
Finance (recovered) (Note 10)	3,530	(4,855)
Impairment expense (Note 6)	37,235	3,567
Depreciation (Note 6)	-	31,856
Share-based compensation (Note 8)	277,000	225,000
Change in non-cash working capital (Note 9)	617,994	89,142
	67,400	(12,154)
FINANCING ACTIVITIES:		
Proceeds from exercised stock options (Note 11)	76,500	-
INVESTING ACTIVITIES:		
Proceeds on sale of equipment (Note 6)	344,637	407,200
Purchase of equipment (Note 6)	-	(407,200)
	344,637	-
Change in cash	488,537	(12,154)
Cash, beginning of year	10,652	22,806
Cash, end of year	\$499,189	\$10,652

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

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

1. Reporting Entity and Corporate Information

Samoth Oilfield Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on May 8, 2006. The Company is engaged in the development and production of natural gas, and natural gas liquids in western Canada. The Company is listed on the TSX Venture Exchange, trading under the symbol SCD. The Company's registered office is #2, 64 Riel Drive, St. Albert, Alberta, Canada, T8N 4A4.

2. Going Concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2019, the Company had working capital of \$406,459 (October 31, 2018 - \$535,916) and an accumulated deficit of \$3,821,095 (October 31, 2018 - \$2,956,046). During the year ended October 31, 2019 the Company had a net loss of \$865,029 (year ended October 31, 2018 – net loss of \$344,987) and cash flows from operations of \$67,400 (year ended October 31, 2018 - negative cash flows of \$12,154). These considerations create a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. The Company however, has no secured debt and does not expect to undertake any such obligations in the near future. The Company's ability to continue as a going concern is dependent upon cash flows from field operations and the sale of property and equipment that has previously been fully impaired. Realization of asset values may be substantially different from carrying values as disclosed at October 31, 2019, and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

3. Basis of Preparation, Significant Estimates and Judgments

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on February 28, 2020.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except where otherwise noted.

(c) Estimation uncertainty

The timely preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements as well as the reported amounts of revenues, expenses, and cash flows during the period. Actual results could differ from these estimates. Estimates and underlying assumptions are continually reviewed. Changes to accounting estimates are recognized in the period in which the estimates are revised.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

3. Basis of Preparation, Significant Estimates and Judgments (continued)

(c) *Estimation uncertainty (cont'd)*

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are outlined below:

a. Reserve estimate

Petroleum and natural gas assets are depleted on a unit-of-production basis at a rate calculated by reference to proven and probable reserves determined in accordance with National Instrument 51-101, Standards of disclosure for Oil and Gas Activities (“NI51-101”) and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids, which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Reserves estimates, although not reported as part of the Company’s financial statements, can have a significant effect on net income (loss), assets and liabilities as a result of their impact on depreciation and depletion, decommissioning liabilities, deferred taxes and asset impairments. Independent reservoir engineers perform evaluations of the Company’s oil and gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecast, commodity prices and costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

b. Impairment indicators and discount rate

For purposes of impairment testing, petroleum and natural gas assets are grouped into cash generating units (“CGU’s”), based on separately identifiable and largely independent cash flows. The determination of the Company’s CGU’s is subject to judgment.

The recoverable amounts of CGU’s and individual assets are based on the higher of their value-in-use and fair values less costs to sell. These calculations require the use of estimates and assumptions. Unless indicated otherwise, the recoverable amount used in assessing impairment charges is fair value less costs to sell. The Company generally estimates fair value less costs to sell using a discounted cash flow model, which has a significant number of assumptions. The model uses expected cash flows from proved plus probable reserves. These estimates are subject to measurement uncertainty as discussed above and subject to variability to changes in forecasted commodity prices. The discount rate applied to the cash flows is also subject to management’s judgment and will affect the recoverable amount calculated.

It is reasonably possible that the commodity price assumptions may change which may then impact the estimated life of the field and may then require a material adjustment to the carrying value of its tangible and intangible assets. The Company monitors internal and external indicators of impairment relating to its tangible assets. These indicators include changes in (a) commodity prices, (b) reserve volumes and (c) discount rates.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

3. Basis of Preparation, Significant Estimates and Judgments (continued)

(c) Estimation uncertainty (cont'd)

The future cash flows are adjusted for risks specific to the asset and discounted using a before-tax discount rate of 10%. As a result, changes in commodity prices, a reduction to reserve volumes or an increase in the discount rate may potentially lead to impairments.

c. Decommissioning costs

At the end of the operating life of the Company's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. These assumptions can be impacted by changes outside of the Company's control, such as technological advancements, legal and regulatory requirements and environmental laws and regulations. The liability, the related assets and the expenses are impacted by estimates with respect to the costs and timing of decommissioning.

d. Measurement of share-based compensation

The estimation of the fair value of the stock options requires the use of assumptions, which include the estimated volatility of the issuer's stock price over the life of the options, future interest rates, dividend yield, forfeiture rates and the estimated life of the option. Changes in these estimates would alter the option's fair value and the related expense as determined by the valuation model.

e. Income taxes

Tax regulations and legislation and the interpretations thereof are subject to change. The Company recognized the net future tax benefit of deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(d) Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Company's functional currency.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as otherwise noted.

Jointly controlled operations and jointly controlled assets

Some of the Company's petroleum and natural gas properties are jointly controlled assets. The financial statements include the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

Property and equipment

Property and equipment consist of oil and gas assets, computer equipment, office equipment, furniture and vehicle. Oil and gas properties are stated at cost, less any accumulated depletion, depreciation and accumulated impairment losses. These properties and equipment include oil and natural gas development and production assets, which represent costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves. Future decommissioning liabilities related to producing assets are also capitalized to property and equipment.

Oil and gas properties are not depreciated until commercial production commences. The net carrying value of oil and gas assets is depleted using the unit-of-production method based on estimated proven and probable oil and gas reserves. The depletion calculation takes into account the estimated future development costs of the recognized proved plus probable reserves.

Proven and probable reserves are determined by independent engineers in accordance with Canadian National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in estimates of proved and probable reserves used in prior periods that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Values of oil and gas properties are reviewed for impairment at the end of each reporting period for any indication that the carrying value of the asset may not be recoverable. If any such indication of impairment exists, an estimate of the recoverable amount is calculated. Individual assets are grouped, for the purposes of impairment testing, together into the smallest group of assets or group of assets that generates cash flows that are largely independent of the cash flows of other assets or group of assets (the cash generating unit or CGU). A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written-down to its recoverable amount.

The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model. The Company uses the present value of the cash generating unit's estimated future cash flows from both proved and probable reserves in its fair value model. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Property and equipment

Equipment was measured at cost less accumulated depreciation and accumulated impairment losses. Cost consisted of the purchase price, plus costs directly attributable to putting the asset in use and where applicable, an estimate of the costs of removing the item and site restoration.

Depreciation was calculated over the depreciable amount, which was the cost of asset less its residual value. Depreciation was not calculated for assets under construction until work is completed and the assets are put into use. Depreciation was recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

Well site accommodations - 10 years

The useful lives, depreciation methods and residual values were reviewed at each reporting date for consistency with the expected pattern of economic benefits from the assets.

Decommissioning liabilities

The Company provides for future decommissioning liabilities related to its oil and gas operating activities based on current legislation, constructive obligation and industry operating practices. Decommissioning liabilities are recognized as a liability in the period in which they are incurred. Decommissioning liabilities are measured as the present value of management's best estimate of the expenditure required to settle the asset retirement liability at the reporting date using a discount rate. When the liability is initially recognized, an amount equivalent to the provision is capitalized to the cost of the related oil and gas asset. This cost is amortized to expense through depletion and depreciation over the life of the related asset on a unit-of-production basis. Subsequent to initial measurement, the liability is adjusted at the end of each period to reflect the passage of time and changes in the estimated future costs underlying the liability. The increase in the balance due to the passage of time is charged to the statement of net and comprehensive loss whereas increases or decreases due to changes in the estimated future costs are capitalized. Actual costs incurred upon settlement of the decommissioning liability are charged against the liability or expense if greater than the liability.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and other short-term highly liquid investments that can be readily converted to cash without penalty.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

Financial instruments are comprised of cash, trade and other receivables and trade and other payables. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred all risks and rewards of ownership.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

a. Financial assets (continued)

Classification and Measurement of Financial Assets

Policy Applicable from January 1, 2018

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair value through other comprehensive income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value through Profit and Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss.

This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. There is no subsequent reclassification of fair value changes to earnings following the derecognition of the investment. However, dividends that reflect a return on investment continue to be recognized in net earnings. This election is made on an investment-by-investment basis. At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net earnings. Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Policy Applicable before January 1, 2018

Prior to the adoption of IFRS 9, "Financial Instruments" ("IFRS 9") on January 1, 2018, the Company classified and measured financial assets under IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). There were three measurement categories into which the Company classified its financial assets:

- FVTPL: Assets were either 'held-for-trading' or had been 'designated at fair value through profit or loss. The assets were measured at fair value with changes in fair value recognized in net earnings;

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

a. Financial assets (continued)

- Loans and Receivables: Included assets with fixed or determinable payments that are not quoted in an active market. After initial measurements, these assets were measured at amortized cost at the settlement date using the effective interest rate method of amortization; and
- Available for Sale Financial Assets: Included investments in the equity of private companies that the Company did not have control or had significant influence over.

These assets were measured at fair value, with changes in fair value recognized in OCI. When an active market was non-existent, fair value was determined using valuation techniques. When the fair value could not be reliably measured, such assets were carried at cost.

Impairment of Financial Assets

Policy Applicable from November 1, 2018

The Company recognizes loss allowances for expected credit losses (“ECLs”) on its financial assets measured at amortized cost. Due to the nature of its financial assets, The Company measures loss allowances at an amount equal to lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

Policy Applicable before November 1, 2018

At each reporting date, the Company assesses whether there are any indicators that its financial assets are impaired. An impairment loss is only recognized if there is objective evidence of impairment, the loss event has an impact on future cash flows and the loss can be reliably estimated. Evidence of impairment may include default or delinquency by a debtor or indicators that the debtor may enter bankruptcy. For equity securities, a significant or prolonged decline in the fair value of the security below cost is evidence that the assets are impaired. An impairment loss on a financial asset carried at amortized cost is calculated as the difference between the amortized cost and the present value of the future cash flows discounted at the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed through net earnings in subsequent periods if the amount of the loss decreases.

b. Financial liabilities

Financial liabilities include trade and other payables. Financial liabilities are classified as current liabilities if payment is due within twelve months; otherwise, they are presented as non-current liabilities.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

b. Financial liabilities (continued)

Classification and Measurement of Financial Liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable. Financial liabilities at FVTPL (other than financial liabilities designated at FVTPL) are measured at fair value with changes in fair value, along with any interest expense, recognized in net earnings. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net earnings. Any gain or loss on derecognition is also recognized in net earnings. A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net earnings.

Below is a summary indicating the classification and measurement basis of the Company's financial instruments as at November 1, 2018, as a result of adopting IFRS 9 along with a comparison to IAS 39.

Financial Instrument	IAS 39		IFRS 9	
	Classification	Measurement	Classification	Measurement
Asset				
Cash and cash equivalents	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Liabilities				
Trade and other payables	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost

Finance expense

Finance expense includes the accretion of the discount on its decommissioning liabilities.

Revenue recognition

Revenue associated with the sale of the Company's crude oil and natural gas is recognized when control passes from the Company to its customer. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism and it is probable that the economic benefits will flow to the Company.

Interest income is recognized when earned.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Revenue recognition (*continued*)

Revenue from rental contracts is recognized in the period in which the rental services have been provided and collectability is reasonably assured. Revenue from rental contracts is measured at contractual value and recognized when it can be reasonably measured, and it is probable that future economic benefits will flow to the Company.

Policy Applicable Before January 1, 2018

Revenues associated with the sales are recognized when the significant risks and rewards of ownership have been transferred to the customer, the sales price and costs can be measured reliably and it is probable that the economic benefits will flow to the Company. This is generally met when title passes from the Company to its customer. Net revenues from the production of crude oil and natural gas represent the Company's share, net of royalty payments to governments and other mineral interest owners.

Interest income is recognized when earned.

Revenue from rental contracts is recognized in the period in which the rental services have been provided and collectability is reasonably assured. Revenue from rental contracts is measured at contractual value and recognized when it can be reasonably measured, and it is probable that future economic benefits will flow to the Company.

Share-based compensation plan

The Company has issued options to acquire common shares to directors, officers and employees of the Company. These options are accounted for using the fair-value method which estimates the value of the options at the date of the grant using the Black Scholes option pricing model. The fair value thus established is recognized as compensation expense over the vesting period of the options using the graded method of amortization, with an equivalent increase to contributed surplus. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest. At the time the stock options are exercised, the fair value of the associated share-based compensation is reclassified from contributed surplus to share capital.

At each reporting date, the Company revises its estimates of the number of options expected to vest. It recognized the impact of the revision of original estimates, if any, in the statement of net and comprehensive loss, with a corresponding adjustment to equity.

Income taxes

Deferred income tax is determined on a non-discounted basis using the liability method and tax rates and laws that have been enacted or substantially enacted at the reporting date. Provision is made for temporary differences at the reporting date between the tax basis of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognized to the extent that it is probable that the future taxable profit will be available against which the deductible temporary difference 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.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

4. Summary of Significant Accounting Policies (continued)

Earnings (loss) per share

Earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments using the treasury stock method. The Company's potentially dilutive common shares include debentures convertible into common shares and stock options granted to employees and directors. It is assumed that any proceeds obtained on the exercise of any options or warrants would be used to purchase common shares at the average price during the period.

Leases

Agreements under which the Company is obligated to make payments to owners in return for the rights to use an asset are accounted for as leases. The Company accounts for its leases as operating leases as the terms of the leases do not transfer substantially all the risks and rewards of ownership. As such, the Company charges their costs to expenses on a straight-line basis over the term of the lease.

New accounting standards issued but not yet adopted

IFRS 16, "Leases" - in January 2016, the IASB issued a new standard on leases. IFRS 16 - Leases will require lessees to recognize assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. For lessors, IFRS 16 is expected to have little change from existing accounting standards (IAS 17 - Leases). IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company has not early adopted this standard and does not believe it will have a material impact when adopted.

5. Prepaids and Deposits

	October 31, 2019	October 31, 2018
Prepays	\$15,492	\$ 19,071
Deposits	-	637,031
	\$15,492	\$656,102

On November 29, 2018, the Company received a refund of \$646,689 of deposits, inclusive of interest earned, from the Alberta Energy Regulator. The deposits were comprised of amounts paid to the Alberta Energy Regulator as required for the purpose of offsetting the difference between its deemed assets and deemed liabilities and/or to fulfill a site-specific security deposit requirement plus interest earned (Note 10).

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

6. Property and Equipment

Cost			Accumulated depreciation		
Balance at October 31, 2018	Disposals	Balance at October 31, 2019	Balance at October 31, 2018	Disposals for the year	Balance at October 31, 2019
\$399,580	(399,580)	\$ -	\$58,273	(58,273)	\$ -

Carrying Amounts	
Balance at October 31, 2018	Balance at October 31, 2019
Well site accommodations	\$ -

The Company's PNG assets were impaired to \$nil in prior years and there have been no facts or circumstances indicating that any reversal of this impairment has occurred as at October 31, 2019 and October 31, 2018. For the year ended October 31, 2019, the Company has recognized an impairment charge of \$32,735 (2018 - \$3,567) as a result of revisions to Decommissioning Liabilities (Note 10).

7. Related Party Transactions

(a) *Key management personnel compensation.*

The Company has determined key management personnel to be the Chief Executive Officer and Chief Financial Officer and board of directors. Compensation expense for key management personnel was:

	October 31, 2019	October 31, 2018 (Restated – Note 17)
Management compensation	\$302,827	\$5,000
Stock-based compensation	277,000	225,000
Total	\$579,827	\$230,000

(b) *Purchase and rental of equipment*

On December 15, 2017, the Company entered into an agreement with a Company related due to common directors, to purchase certain mobile wellsite office and accommodation units, for consideration of \$407,200 plus GST for a total amount payable in the amount of \$427,561, which was paid in full. The Company also entered into an agreement to lease these units back to the vendor at market rates on a month to month rental agreement. Total rental revenue during the year ending October 31, 2019 was \$nil (October 31, 2018 - \$150,000).

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

7. Related Party Transactions (continued)

(c) Sale of equipment

On September 25, 2018, the Company entered into an agreement with a Company related due to common directors, to sell certain mobile wellsite office and accommodation units, for consideration of \$407,200 plus GST for a total amount payable in the amount of \$427,561 which was paid in full during the year. The exchange amount was agreed to by the parties and resulted in a gain of \$11,877 to the Company.

On November 2, 2018, the Company entered into an agreement with a Company related due to common directors, to sell certain mobile wellsite office and accommodation units for consideration of \$344,638 plus GST for a total amount of \$361,870. The company received full payment in cash on November 2, 2018. The exchange amount was agreed to by the parties and resulted in a gain of \$3,330 to the Company.

8. Share-based Compensation

Pursuant to the Company's stock option plan, the Company may reserve a maximum of 10% of the total issued and outstanding listed common shares with the exercise price and term to be determined by the Board of Directors on the date of issuance of the options. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants or employees will not exceed 2% of the issued and outstanding common shares.

On January 4, 2018, the Company issued 1,520,000 common share purchase options, granted to directors and officers of the Company. The options are exercisable at a price of \$0.05 per share for a period of 5 years from the date of grant (Note 17).

On December 21, 2018, the Company issued 1,874,833 common share purchase options, granted to directors and officers of the Company. The options are exercisable at a price of \$0.05 per share for a period of 5 years from the date of grant.

A summary of stock option activity in the years is as follows:

	Year ended October 31, 2019		Year ended October 31, 2018 (Restated – Note 17)	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding options, beginning of year	3,411,889	\$0.07	1,891,889	\$0.08
Granted	1,874,833	\$0.05	1,520,000	\$0.05
Cancelled	(500,000)	\$(0.05)	-	-
Exercised	(1,520,000)	\$(0.05)	-	-
Outstanding options, end of year	3,266,722	\$0.07	3,411,889	\$0.07
Exercisable options, end of year	3,266,722	\$0.07	3,411,889	\$0.07

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

8. Share-based Compensation (continued)

For the year ended October 31, 2019, the following assumptions were used in the Black-Scholes calculation: risk free-rate of 1.96% (2018 – 1.95%); volatility of 192.7% (2018 – 206.7%), expected life of five years (2018 – five years), dividend yield of 0% (2018 – 0%) and forfeiture rate of 0% (2018 – 0%).

A summary of the options outstanding and exercisable at October 31, 2019 is as follows:

Exercise Price	Number of Options	Remaining Contractual Life (years)
\$0.10	1,071,889	2.2
\$0.055	720,000	4.0
\$0.05	100,000	3.2
\$0.05	1,374,833	4.1
\$0.08	3,266,722	3.3

A summary of the options outstanding and exercisable at October 31, 2018 (Restated – Note 17) is as follows:

Exercise Price	Number of Options	Remaining Contractual Life (years)
\$0.10	1,071,889	3.2
\$0.055	820,000	5.0
\$0.05	1,520,000	4.2
\$0.08	3,411,889	4.1

During the year ended October 31, 2019, share-based payment expense of \$277,000 was recognized (year ended October 31, 2018 - \$225,000).

9. Supplemental Information

Changes in operating non-cash working capital consisted of the following:

Years ended October 31	2019	2018
Trade and other receivables	\$6,250	\$12,904
Prepays and deposits	640,610	(4,543)
Trade and other payables	(28,866)	80,781
	\$617,994	\$89,142

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

10. Decommissioning Liabilities

The following table presents the aggregate carrying amount of obligations associated with the decommissioning of the Company's oil and gas assets:

Years ended October 31	2019	2018
Balance, beginning of year	\$241,796	\$243,084
Finance (recovery)	3,530	(4,855)
Revision of estimate (Note 6)	37,235	3,567
Balance, end of year	\$282,561	\$241,796

At October 31, 2019, the total undiscounted amount of estimated cash flows required to settle the obligation was \$318,102 (2018 - \$241,797) which has been adjusted for inflation using a weighted average estimated inflation rate of 2% (2018 - 2%) and, subsequently discounted using an unadjusted risk free rate of 1.54% (2018 - 2.14%). The cash flows related to reclamation and abandonment costs are expected to be incurred between 2024 and 2029. An increase in the risk free rate of 1% would result in a decrease in the liability of \$20,472 (2018 - \$4,492).

In October 2019, the Company received a notification from the Alberta Energy Regulator that a deposit in the amount of \$110,764 is required for the purpose of offsetting the difference between its deemed assets and deemed liabilities and/or to fulfill a site-specific security deposit requirement.

11. Share Capital

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. No preferred shares have currently been issued.

Issued and outstanding:

	October 31, 2019		October 31, 2018	
	Amount	Number of Shares	Amount	Number of Shares
Common shares				
Balance, beginning of year	\$2,994,603	31,447,222	\$2,994,603	31,447,222
Stock options exercised (Note 8)	76,500	1,520,000	-	-
Contributed surplus allocated on exercise of stock options	216,295	-	-	-
Balance, end of year	\$3,233,398	32,977,222	\$2,994,603	31,447,222

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

12. Income Taxes

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before income tax. These differences result from the following:

	Year ended October 31, 2019	Year ended October 31, 2018 (Restated – Note 17)
(Loss) income for the year before income taxes	\$ (865,029)	\$ (344,987)
Combined federal and provincial statutory rate	27.00%	27.00%
Expected income tax recovery	(234,000)	(93,143)
Difference resulting from:		
Non-deductible expenses	75,000	60,750
Change in unrecognized deferred tax assets	159,000	32,393
Income tax expense	\$ -	\$ -

Deferred tax assets have not been recognized in respect of the following items:

	Year ended October 31, 2019	Year ended October 31, 2018 (Restated – Note 17)
Property and equipment	\$ 1,527,788	\$ 1,545,296
Tax losses	1,777,055	1,171,519
	\$ 3,304,843	\$ 2,716,815

At October 31, 2019, the Company had non-capital losses of \$1,777,055 (October 31, 2017 \$1,171,519) available to reduce future taxable income. The Company's tax losses expire between 2029 and 2039. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

13. Risk Management

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the short term nature of these items. The fair value of related party loan receivable and related party loan payable approximate carrying value as they are due on demand.

Risks associated with financial assets and liabilities:

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk

The Company is exposed to credit risk which is the risk that a counterparty will fail to perform an obligation or settle a liability. Virtually all of the Company's accounts receivable are due from a related party for equipment rentals. The Company generally extends unsecured credit to the related party and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. During the year ended October 31, 2019, the Company recognized estimated credit losses of \$6,250 (2018 - \$nil).

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's financial liabilities are comprised of trade and other payables. As at October 31, 2019, all trade and other payables are due within twelve months or less of the reporting date. The Company manages its risk of not meeting its financial obligations through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net loss or the value of financial instruments. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns.

Foreign exchange rate risk

The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the US dollar. Crude oil and natural gas prices are referenced to U.S. dollar denominated prices while all the Company's expenses are denominated in Canadian dollars. As at October 31, 2019 and October 31, 2018, the Company had no financial instruments denominated in foreign currencies, no forward foreign exchange contracts in place, nor any significant working capital items denominated in foreign currencies.

Commodity price risk

The Company is exposed to commodity price movements as part of its normal oil and gas operations. Oil and natural gas prices are impacted by global supply and demand, as well as political and other forces. Prices continue to be volatile and can undergo significant changes in relatively short time periods. Management continuously monitors commodity prices and initiates instruments to manage its exposure to these risks when it deems necessary. The Company did not enter into any fixed forward contracts or derivative financial instruments during the year ended October 31, 2019 or the year ended October 31, 2018 and has no outstanding fixed forward contracts or derivative financial instruments as at October 31, 2019 and October 31, 2018.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

14. Capital Management

The Company's capital consists of equity. The Company has no bank debt. The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; to perform development activities on its petroleum and natural gas projects; and to seek out and acquire new projects of merit. Funds are secured through debt financing or equity capital. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company may, from time to time, invest its capital in short-term, liquid and highly rated financial instruments held with major financial institutions or in marketable securities. The Company does not maintain a formal investing strategy. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may from time to time, issue shares, obtain debt financing and adjust its capital spending. There were no changes in the Company's approach to capital management from the previous year. The Company does not have any externally imposed capital restrictions.

15. Revenues

The Corporation's revenues consist solely of natural gas and natural gas liquids; hence there is no disaggregation of revenue to disclose as the natural gas liquids revenues are nominal. All of the Company's revenues are generated in Western Canada and as at October 31, 2019 and October 31, 2018, all of the Company's assets were held in Canada.

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

17. Restatement – Prior Period Error

The Company has restated the 2018 comparative figures as a result of the failure to recognize and disclose the grant of 1,520,000 stock options in the prior year financial statements. The following schedules outline the impact to the financial statements. Comparative figure notes throughout the financial statements have been restated to reflect the impact and disclosures.

Statement of Financial Position

As at October 31, 2018

		As previously stated	Adjustment	As restated
Assets				
Current				
	Cash	10,652		10,652
	Trade and other receivables	6,250		6,250
	Prepays and deposits	656,102		656,102
Equipment				
		341,307		341,307
		1,014,311		1,014,311
Liabilities and Equity				
Current				
	Trade and other payables	137,088		137,088
Decommissioning liabilities				
		241,796		241,796
		378,884		378,884
Equity				
	Share Capital	2,994,603		2,994,603
	Contributed surplus	371,870	225,000	596,870
	Deficit	(2,731,046)	(225,000)	(2,956,046)
		635,427	-	635,427
		1,014,311		1,014,311

Statement of Shareholder's Equity

	Share Capital	Contributed Surplus	Deficit	Total
For the year ended October 31, 2018				
Balance, October 31, 2017	2,994,603	371,870	(2,611,059)	755,414
Net loss for the year, as previously stated			(119,987)	(119,987)
Balance, October 31, 2018, as originally stated	2,994,603	371,870	(2,731,046)	635,427
Adjustment		225,000	(225,000)	-
Balance, October 31, 2019, as restated	2,994,603	596,870	(2,956,046)	635,427

SAMOTH OILFIELD INC.

Notes to the Financial Statements

For the years ended October 31, 2019 and 2018

17. Restatement – Prior Period Error (continued)

Statement of Loss and Comprehensive Loss

For the year ended October 31, 2018

	As previously stated	Adjustment	As restated
Revenues			
Petroleum and natural gas sales, net of royalties	44,420		44,420
Expenses			
Production and transportation	162,077		162,077
Impairment expense	3,567		3,567
Finance (recovery)	(4,855)		(4,855)
Depreciation	31,856		31,856
General and administrative	136,553		136,553
Stock-based compensation		225,000	225,000
	329,198	225,000	554,198
Loss before income taxes	(284,778)	(225,000)	(509,778)
Other income			
Rental revenue	150,000		150,000
Gain on sale of equipment	11,877		11,877
Interest income	2,914		2,914
	164,791	-	164,791
Net loss and comprehensive loss for the year	(119,987)	(225,000)	(344,987)
Loss per share			
Basic	(0.004)	(0.007)	(0.011)
Diluted	(0.004)	(0.007)	(0.011)
Weighted average number of common shares o/s			
Basic	31,447,222	-	31,447,222
Diluted	33,333,911	(516,144)	32,817,767

SAMOTH OILFIELD INC.**Notes to the Financial Statements****For the years ended October 31, 2019 and 2018****17. Restatement – Prior Period Error (continued)****Statement of Cash Flows**

For the year ended October 31, 2018

	As previously stated	Adjustment	As restated
Cash provided by (used in):			
Operating activities			
Net loss for the year	(119,987)	(225,000)	(344,987)
Items not affecting cash:			
Gain on sale of equipment	(11,877)		(11,877)
Finance expense (recovery)	(4,855)		(4,855)
Impairment	3,567		3,567
Depreciation	31,856		31,856
Stock-based compensation	-	225,000	225,000
Change in non-cash working capital	89,142		89,142
	(12,154)	-	(12,154)
Investing activities			
Proceeds on sale of equipment	407,200		407,200
Purchase of equipment	(407,200)		(407,200)
	-	-	-
Change in cash	(12,154)	-	(12,154)
Cash, beginning of year	22,806		22,806
Cash, end of year	10,652	-	10,652