

AUSTPRO ENERGY CORPORATION

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

As at and for the three months ended September 30, 2018 and 2017

AUSTPRO ENERGY CORPORATION

(the “Company” or “Austpro”)

CONDENSED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended September 30, 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of Austpro Energy Corporation is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

AUSTPRO ENERGY CORPORATION

Condensed Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	September 30, 2018	June 30, 2018
Assets		
Current Assets		
Cash	\$ 382	\$ 1,423
GST receivable	3,433	2,835
Prepaid expenses	5,626	5,626
Restricted cash (Note 8)	400,000	-
Total Assets	\$ 409,441	\$ 9,884
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 21,270	\$ 49,277
Advances repayable to shareholders	81,060	81,892
Loan payable	40,860	-
	143,190	131,169
Shareholders' Equity		
Share capital (Note 6)	3,525,242	3,525,242
Subscription received (Note 8)	400,000	-
Deficit	(3,658,991)	(3,646,527)
	266,251	(121,285)
Total Liabilities and Shareholders' Equity	\$ 409,441	\$ 9,884

Nature and continuance of operations (Note 1)

Subsequent events (Note 9)

Approved on Behalf of the Board on November 29, 2018:

"Scott Ackerman"

Scott Ackerman – Director

"Doug McFaul"

Doug McFaul – Director

The accompanying notes are an integral part of these financial statements

AUSTPRO ENERGY CORPORATION

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended September 30,	
	2018	2017
Expenses		
Exchange gain (loss)	\$ -	\$ (469)
General and administrative	864	3,341
Professional fees	988	2,006
Rent	8,098	7,605
Transfer agent and filing fees	2,514	1,790
Loss and comprehensive loss	\$ (12,464)	\$ (14,273)
Weighted average number of shares outstanding - basic and diluted ¹	5,737,580	5,737,580
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)

¹ Per share information has been retroactively adjusted to reflect the November 29, 2018 4 old for 1 new common share consolidation.

The accompanying notes are an integral part of these financial statements

AUSTPRO ENERGY CORPORATION

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Common Shares¹	Share Capital	Subscription Received	Deficit	Total Shareholders' Equity
Balance, June 30, 2017	5,737,580	\$ 3,525,242	\$ -	\$ (3,675,704)	\$ (150,462)
Loss for the period	-	-	-	(14,273)	(14,273)
Balance, September 30, 2017	5,737,580	\$ 3,525,242	\$ -	\$ (3,689,977)	\$ (164,735)
Balance, June 30, 2018	5,737,580	\$ 3,525,242	\$ -	\$ (3,646,527)	\$ (121,285)
Subscription received	-	-	400,000	-	400,000
Loss for the period	-	-	-	(12,464)	(12,464)
Balance, September 30, 2018	5,737,580	\$ 9,170,337	\$ 400,000	\$ (3,658,991)	\$ 266,251

¹ Per share information has been retroactively adjusted to reflect the November 29, 2018 4 old for 1 new common share consolidation.

The accompanying notes are an integral part of these financial statements

AUSTPRO ENERGY CORPORATION

Condensed Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended September 30,	
	2018	2017
Cash (used in) / provided by:		
Operating Activities:		
Loss for the period	\$ (12,464)	\$ (14,273)
Changes in non-cash working capital items:		
GST receivable	(598)	(576)
Accounts payables and accrued liabilities	(28,007)	(3,077)
Loan payable	40,860	-
	(209)	(17,926)
Financing Activities:		
Advances from Shareholders	(832)	17,813
Share subscriptions received (Note 8)	400,000	-
	399,168	17,813
Investing Activities		
Restricted cash (Note 8)	(400,000)	-
	(400,000)	
Change in cash for the period	(1,041)	(113)
Cash, beginning of the period	1,423	452
Cash, end of the period	\$ 382	\$ 339
Supplemental cash flow information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

AUSTPRO ENERGY CORPORATION

Notes to the Condensed Interim Financial Statements

As at and for the three months ended September 30, 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Austpro Energy Corporation (“Austpro” or the “Company”) is a public company and its shares are listed on the NEX Board of the TSX Venture Exchange (TSXV: AUS.H). The Company was incorporated under the Business Corporations Act (British Columbia) on November 1, 1990. The principal business of the Company is identification and evaluation of business opportunities within which to acquire or invest in. The Company’s head office is located 1600 – 609 Granville Street, Vancouver, B.C. V7Y 1C3 and its registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, B.C. V6C 3E8.

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 insufficient liquidity to meet its operational requirements for the next fiscal year, and its 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 may 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. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

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

The condensed interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standard Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information required for the full annual financial statements and should be read in conjunction with the most recent audited June 30, 2018 annual financial statements of the Company which are available on www.sedar.com.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company’s financial statements were authorized for issue by the Board of Directors on November 29, 2018.

AUSTPRO ENERGY CORPORATION

Notes to the Condensed Interim Financial Statements

As at and for the three months ended September 30, 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual June 30, 2018 financial statements of the Company which are available on www.sedar.com and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended June 30, 2018, except for the adoption, on July 1, 2018, of **IFRS 9, *Financial Instruments: Classification and Measurement*** ("IFRS 9"), which has an initial application as at this date.

IFRS 9, *Financial Instruments* (new; to replace IAS 39)

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the new accounting policy for financial assets under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

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Notes to the Condensed Interim Financial Statements

As at and for the three months ended September 30, 2018

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4. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of (loss) income in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

As the accounting reflected by the adoption of IFRS 9 under the above classifications and election is similar to that of IAS 39, there will be no impact on the Company's financial statements and no restating of prior periods will be required.

5. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

(a) Authorized

Unlimited common shares without par value

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Notes to the Condensed Interim Financial Statements

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5. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

(b) Shares issued and outstanding

	Number of Common Shares
Balance as at June 30, 2017, June 30, 2018 and September 30, 2018	5,737,580

Subsequent to the period ended, on November 29, 2018, the Company consolidated its common shares on a 4 old for 1 new basis (all share and per share amounts in these condensed interim financial statements reflect the share consolidation).

(c) Shares to be issued

On September 27, 2018, the Company closed a non-brokered private placement for proceeds of \$400,000 through the issuance of 8,000,000 subscription receipts (the “Subscription Receipts”) of the Company at a price of \$0.05 per Subscription Receipt (the “Offering”). The proceeds of the Offering are being held in escrow pending completion of the share consolidation and certain other conditions. Upon completion of the share consolidation and certain other conditions, each Subscription Receipt will automatically convert into one unit of the Company (each, a “Unit”) for no additional consideration. Each Unit will consist 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 for a period of 12 months from the date the warrants are issued. All securities issued in the Offering have a hold period expiring January 28, 2019.

6. 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 September 30, 2018, 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 period ended September 30, 2018.

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7. 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 classified as amortized cost.

(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 September 30, 2018, the Company had a cash balance of \$382, excluding restricted cash of \$400,000, (September 30, 2017 - \$339) to settle current liabilities of \$143,190. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2018, 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.

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 September 30, 2018, the Company had \$3,433 in receivable and as such the Company considers its credit risk to be low.

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Notes to the Condensed Interim Financial Statements

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7. FINANCIAL INSTRUMENTS (continued)

(a) Financial Risk Factors (continued)

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. 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.