

AUSTPRO ENERGY CORPORATION

Condensed Interim Financial Statements

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the three months ended September 30, 2019 and 2018

AUSTPRO ENERGY CORPORATION

(the “Company” or “Austpro”)

CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended September 30, 2019

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, 2019	June 30, 2019
Assets		
Current Assets		
Cash	\$ 80,072	\$ 102,402
GST receivable	10,484	8,884
Prepaid expenses	-	5,626
Total Assets	\$ 90,556	\$ 116,912
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 26,001	\$ 19,678
	26,001	19,678
Shareholders' Equity		
Share capital (Note 6)	3,925,242	3,925,242
Share-based payment reserve (Note 6)	211,495	211,495
Deficit	(4,072,182)	(4,039,503)
	64,555	97,234
Total Liabilities and Shareholders' Equity	\$ 90,556	\$ 116,912

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on November 25, 2019:

"Scott Ackerman"

Scott Ackerman – CEO/CFO/Director

"Doug McFaul"

Doug McFaul – Director

The accompanying notes are an integral part of these condensed interim 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,	
	2019	2018
Expenses		
General and administrative	\$ 18	\$ 864
Professional fees	24,922	988
Rent	5,736	8,098
Transfer agent and filing fees	2,003	2,514
Loss and comprehensive loss before other items	\$ (32,679)	\$ (12,464)
Weighted average number of common shares outstanding¹	13,737,580	5,737,580
Basic and diluted loss per share¹	\$ (0.00)	\$ (0.00)

¹ Share and 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 condensed interim financial statements.

AUSTPRO ENERGY CORPORATION

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Common Shares ¹	Share Capital	Subscription Received	Share-based Payment Reserve	Deficit	Total Shareholders' Equity (Deficiency)
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	\$ 3,525,242	\$ 400,000	\$ -	\$ (3,658,991)	\$ 266,251
Balance, June 30, 2019	13,737,580	\$ 3,925,242	\$ -	\$ 211,495	\$ (4,039,503)	\$ 97,234
Loss for the period	-	-	-	-	(32,679)	(32,679)
Balance, September 30, 2019	13,737,580	\$ 3,925,242	\$ -	\$ 211,495	\$ (4,072,182)	\$ 64,555

¹ 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 condensed interim 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,	
	2019	2018
Cash (used in) / provided by:		
Operating Activities:		
Loss for the period	\$ (32,679)	\$ (12,464)
Changes in non-cash working capital items:		
GST receivable	(1,600)	(598)
Accounts payables and accrued liabilities	6,323	(28,007)
Loan payable	-	40,860
Prepaid expenses	5,626	-
	(22,330)	(209)
Financing Activities:		
Advances from shareholders	-	(832)
Share subscriptions received (Note 6)	-	400,000
	-	399,168
Investing Activities:		
Restricted cash (Note 6)	-	(400,000)
	-	(400,000)
Change in cash for the period	(22,330)	(1,041)
Cash, beginning of the period	102,402	1,423
Cash, end of the period	\$ 80,072	\$ 382
Supplemental cash flow information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

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

AUSTPRO ENERGY CORPORATION

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2019

(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 AND STATEMENT OF COMPLIANCE

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 Standards (“IAS”) 34, Interim Financial Reporting. Accordingly, these 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 annual financial statements of the Company as at and for the year ended June 30, 2019 which are available on www.sedar.com.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

AUSTPRO ENERGY CORPORATION

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The 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, these condensed interim 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 financial statements as at and for the year ended June 30, 2019 which is available at www.sedar.com, except for those new, revised and/or amended standards adopted below, 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 financial statements for the year ended June 30, 2019, except for the adoption, on July 1, 2019, of IFRS 16, *Leases* ("IFRS 16"), and IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23"), which have an initial application as at this date.

IFRS 16

New standard that replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosures of leases; effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on its financial statements as the Company currently has no leases.

IFRIC 23

New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019, with early adoption permitted. The adoption of this standard did not have a significant impact on its financial statements.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	June 30, 2019
Accounts payable	\$ 16,001	\$ 9,678
Accrued liabilities	10,000	10,000
Total	\$ 26,001	\$ 9,678

6. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

(a) Authorized

Unlimited common shares without par value

(b) Share consolidation

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 financial statements reflect the share consolidation.

(c) Shares issued and outstanding

	Number of Common Shares
Balance as at June 30, 2017 and June 30, 2018	5,737,580
Private placement	8,000,000
Balance as at June 30, 2019 and September 30, 2019	13,737,580

On September 27, 2018, the Company completed a financing for proceeds of \$400,000 through the issuance of 8,000,000 subscription receipts of the Company at a price of \$0.05 per Subscription Receipt. On November 30, 2018, the subscription receipts automatically converted into 8,000,000 units of the Company. Each unit consisted of one common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.06 per share until November 30, 2019.

(d) Stock Options

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

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Notes to the Condensed Interim Financial Statements

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

On December 5, 2018, the Company granted 1,300,000 stock options to directors, officers and a consultant of the Company. The stock options have an exercise price of \$0.20 and expire in five years. The stock options vested immediately upon grant. The fair value of the options of \$211,495 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, grant date share price of \$0.20, dividend rate of 0.00%, a risk-free interest rate of 2.07% and an expected volatility of 116%.

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

	Number of Options	Weighted average Exercise Price
Balance, June 30, 2018	-	\$ -
Granted	1,300,000	\$ 0.20
Balance, June 30, 2019, and September 30, 2019	1,300,000	\$ 0.20

At September 30, 2019, stock options outstanding and exercisable are as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
December 5, 2018	1,300,000	\$ 0.20	December 5, 2023	4.18
Total	1,300,000	\$ 0.20		4.18

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options. There were no stocks options granted for the three months ended September 30, 2019. For the year ended June 30, 2019, the Company recorded \$211,495 in share-based payment reserve as a result of options vested during the period.

(e) Warrants

On November 30, 2018, as part of a non-brokered private placement, the Company issued 8,000,000 share purchase warrants, with each warrant entitling the holder to acquire one common share at a price of \$0.06 per share until November 30, 2019.

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

	Number of warrants	Weighted Average Exercise price
Balance, as at June 30, 2018	-	\$ -
Issued	8,000,000	0.06
Balance, as at June 30, 2019 and September 30, 2019	8,000,000	\$ 0.06

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7. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholder's equity (deficiency) (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, 2019, 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, 2019.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, GST receivable and accounts payable and accrued liabilities. Cash and GST receivable are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

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 its obligations. 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, 2019, the Company had a cash balance of \$80,072 (June 30, 2019 - \$102,402) to settle current liabilities of \$26,001 (June 30, 2019 - \$19,678). 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, 2019, 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.

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8. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Factors (continued)

II. Credit risk

Credit risk is the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. As at September 30, 2019, the Company had \$10,484 (June 30, 2019 - \$8,884) in receivables due from the Government of Canada and as such the Company considers its credit risk to be low.

III. Market Risks

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

i. Interest rate risk

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

ii. 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.

9. RELATED PARTY TRANSACTIONS

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. There were no related party transactions for the three months ended September 30, 2019.