

United Hunter Oil & Gas Corp.

Condensed Interim Financial Statements

March 31, 2019

(expressed in Canadian dollars)
(unaudited)

Correction

On July 18, 2019, the Company refiled its Unaudited Condensed Interim Financial Statements for to correct the disclosure of the outstanding number of common shares reported in the statement of changes in equity to show that there were 17,480,375 common shares outstanding at March 31, 2018, December 31, 2018 and March 31, 2019.

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of United Hunter Oil & Gas Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

United Hunter Oil & Gas Corp.

Statements of Financial Position

(expressed in Canadian dollars)

(unaudited)

	Notes	As at March 31, 2019 \$	As at December 31, 2018 \$
Assets			
Current			
Cash		65,660	119,445
Receivables		3,106	13,913
Prepaid expenses		20,820	21,480
		<u>89,587</u>	<u>154,838</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		186,439	187,083
Shareholders' equity (deficit)			
Share capital	4	9,933,587	9,933,587
Contributed surplus		2,562,841	2,553,816
Deficit		(12,593,280)	(12,519,647)
		<u>(96,853)</u>	<u>(32,244)</u>
		<u>89,587</u>	<u>154,839</u>
Going-concern	2		

Approved by the Board:

Timothy J. Turner
Director

Christian Shomber
Director

United Hunter Oil & Gas Corp.

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

		3 months ended March 31,	
		2019	2018
	Notes	\$	\$
Expenses			
Professional fees		3,000	10,506
Management fees	7	51,076	74,748
Stock-based compensation		9,025	-
General and administrative		2,743	4,008
Public company costs		7,482	10,268
Travel		-	3,845
Foreign exchange loss (gain)		306	(2,606)
Other		-	(1,264)
		<u>73,632</u>	<u>99,505</u>
Loss and comprehensive loss		<u>(73,632)</u>	<u>(99,505)</u>
Basic and diluted loss per share		<u>(0.00)</u>	<u>(0.01)</u>
Weighted average number of shares outstanding - basic and diluted		<u>17,480,375</u>	<u>15,493,128</u>

United Hunter Oil & Gas Corp.

Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital		Shares to be issued	Contributed surplus	Deficit	Total
	Number of shares	Amount \$				
Balance, December 31, 2018	17,480,375	9,933,587	-	2,553,816	(12,519,647)	(32,244)
Stock-based compensation	-	-	-	9,025	-	9,025
Loss	-	-	-	-	(73,632)	(73,632)
Balance, March 31, 2019	17,480,375	9,933,587	-	2,562,841	(12,593,279)	(96,852)
Balance, December 31, 2017	13,480,375	8,982,214	25,000	2,375,883	(11,862,974)	(479,877)
Private placements	4,000,000	1,000,000	(25,000)	-	-	975,000
Share issue costs	-	(48,627)	-	-	-	(48,627)
Loss	-	-	-	-	(99,505)	(99,505)
Balance, March 31, 2018	17,480,375	9,933,587	-	2,375,883	(11,962,479)	346,991

United Hunter Oil & Gas Corp.

Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	3 months ended March 31,	
	2019	2018
	\$	\$
Cash flow from operating activities		
Loss	(73,632)	(99,505)
Items not affecting cash		
Stock-based compensation	9,025	-
Changes in non-cash working capital		
Receivables	10,807	(1,650)
Prepaid expenses	660	(28,582)
Accounts payable and accrued liabilities	(644)	(48,885)
	<u>(53,784)</u>	<u>(178,623)</u>
Cash flow from financing		
Repayment of loans payable	-	(372,289)
Private placement of common shares	-	975,000
Share issue costs	-	(48,627)
	<u>-</u>	<u>554,084</u>
Net change in cash	(53,784)	375,461
Cash, beginning of period	119,445	69,365
Cash, end of period	<u>65,660</u>	<u>444,826</u>
Non-cash transaction		
Common shares issued for common shares to be issued	-	25,000
Supplementary information		
Interest paid	-	29,925
Income taxes paid	-	-

United Hunter Oil & Gas Corp.

Notes to Condensed Interim Financial Statements

March 31, 2019

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

United Hunter Oil & Gas Corp. (the "Company") is a public company engaged in the exploration and development of oil and gas properties.

The Company was incorporated under the Business Corporations Act of Ontario on February 22, 2008 and its registered office is located at 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1.

2. Going-concern

These condensed interim financial statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business.

The Company is in the exploration stage and has no revenue. During the 3 months ended March 31, 2019, the Company recorded a loss of \$73,632 (2018 - \$99,505) and as at that date, the Company had accumulated deficit of \$12,593,280 (December 31, 2018 - \$12,519,647), working capital deficit of \$96,853 (December 31, 2018 - \$32,245) and cash flow deficit from operations of \$53,784 (2018 - \$178,623). The losses, accumulated deficit and cash flow deficit from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of oil and gas properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operation of the Company is dependent upon the support of its creditors and its ability to secure financing to fund its operations and finance the acquisition, exploration and development of oil and properties. The Company is actively seeking to raise the necessary financing, however, there can be no assurance that additional financing will be available.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2018.

These condensed interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 10, 2019.

Changes in accounting standards

On January 1, 2019, the Company adopted the following amendment to standards:

IFRS 16, Leases ("IFRS 16")

This standard will replace *IAS 17, Leases*. IFRS 16 provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17.

As the Company is not a party to any leases, the adoption of this accounting standard had no impact on these financial statements.

4. Share capital

Authorized

Unlimited number of common shares without par value.

Unlimited number of preference shares, issuable in series.

Stock options

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. At March 31, 2019, the Company may grant up to 1,748,037 stock options (December 31, 2018 - 1,748,037). The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSX Venture Exchange. The maximum term for stock options will be 5 years and the options will be subject to vesting limitations imposed by the board of directors of the Company.

A summary of the Company's stock options outstanding and exercisable at March 31, 2019 is presented below:

		Weighted- average exercise price \$	Number of stock options
Balance, December 31, 2018 and March 31, 2019		0.25	1,400,000
Exercise price	Expiry date	Number of stock options outstanding	Number of stock options exercisable
\$0.25	August 20, 2023	1,400,000	1,150,000

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities

The fair value of accounts payable and accrued liabilities approximates their carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data

The Company does not have any financial instruments measured at fair value.

6. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's cash and receivables. The maximum exposure to credit risk is equal to the carrying amount of cash and receivables. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt settlements and related party loans. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Company's operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligation and finance the acquisition, exploration and development of oil and gas properties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Foreign exchange risk

Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The majority of the Company's cash is held in Canadian dollars. Foreign exchange risk arises as the Company makes expenditures denominated in US dollars and has cash of US\$3,338 (December 31, 2018 - \$14,065) and accounts payable of US\$25,000 (December 31, 2018 - \$15,094).

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations due to the limited number of transactions conducted in US dollars.

Interest rate risk

Interest rate risk is the risk of financial loss to the Company due to a change in interest rates. The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. In addition, loans payable bore interest at fixed rates of interest.

Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares and loans payable. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

7. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended March 31,		Outstanding at	Outstanding at
	2019	2018	March 31,	December 31,
	\$	\$	2019	2018
			\$	\$
Management fees	51,076	74,430	97,158	73,330
Stock-based compensation	9,025	—	—	—
	60,101	74,430	97,158	73,330