

UNITY ENERGY CORP.

Interim Financial Statements

For the six months ended September 30, 2017

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Unity Energy Corp. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

UNITY ENERGY CORP.
Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30	March 31
	2017	2017
ASSETS		
Current assets		
Cash	\$ 15,191	\$ 30,062
Receivables	5,260	8,009
Prepaid expenses	23,303	-
Total Current Assets	43,754	38,071
Long-term investment (note 4)	93,709	98,608
Exploration and evaluation assets (note 5)	12	4,044
Total Assets	\$ 137,475	\$ 140,723
LIABILITIES		
Current liabilities		
Trade and other payables (note 7)	\$ 18,650	\$ 35,211
Total Liabilities	18,650	35,211
EQUITY		
Share capital (note 6)	9,421,857	9,266,256
Share subscriptions receivable (note 6)	(1,250)	(21,000)
Reserves (note 6)	693,602	693,602
Accumulated other comprehensive income	25,954	25,954
Deficit	(10,021,338)	(9,859,300)
Total Equity	118,825	105,512
Total Liabilities and Equity	\$ 137,475	\$ 140,723

Nature and continuance of operations (note 1)

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

Approved on behalf of the Board

Director “signed”
Anita Algie

Director “signed”
Richard Ko

UNITY ENERGY CORP.

Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	September 30		September 30	
	2017	2016	2017	2016
EXPENSES				
Consulting and management fees (note 8)	\$ 37,900	\$ 100,501	\$ 73,300	\$ 178,800
Office and general	24,211	7,360	68,091	24,480
Professional fees	787	700	3,148	1,650
Regulatory and filing fees	6,801	3,079	8,568	13,358
Loss from operations	69,699	111,640	153,107	218,288
Other items				
Write-off of exploration and evaluation assets (note 5)	1	-	4,032	-
Loss (gain) on fair value of derivative (note 4)	(12,589)	-	4,899	-
	(12,588)	-	8,931	-
Loss for the period before income tax	57,111	111,640	162,038	218,288
Deferred tax	(2,600)	-	-	-
Loss for the period	54,511	111,640	162,038	218,288
Other Comprehensive Loss				
Loss on fair value of available for sale securities, net of tax (note 4)	(17,400)	-	-	-
Net and comprehensive loss	\$ 37,111	\$ 111,640	\$ 162,038	\$ 218,288
Basic and diluted loss per share	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.05
Weighted average number of common shares outstanding	7,067,366	4,354,583	7,044,428	4,293,791

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

UNITY ENERGY CORP.
Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Note	Number of Shares	Share capital	Share Subscriptions Advanced	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance at April 1, 2016		3,612,916	\$ 8,421,256	\$ 50,000	\$ 676,792	\$ -	\$ (8,581,174)	\$ 566,874
Shares issued for cash	6	741,667	445,000	(50,000)	-	-	-	395,000
Share subscriptions advanced				13,000				13,000
Net and comprehensive loss		-	-	-	-	-	(218,288)	(218,288)
Balance at September 30, 2016		4,354,583	\$ 8,866,256	\$ 13,000	\$ 676,792	\$ -	\$ (8,799,462)	\$ 756,586
Balance at April 1, 2017		7,021,239	9,266,256	(21,000)	693,602	25,954	(9,859,300)	105,512
Shares issued for cash	6	1,414,550	155,601	19,750	-	-	-	175,351
Net and comprehensive loss		-	-	-	-	-	(162,038)	(162,038)
Balance at September 30, 2017		8,435,789	\$ 9,421,857	\$ (1,250)	\$ 693,602	\$ 25,954	\$ (10,021,338)	\$ 118,825

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

UNITY ENERGY CORP.
Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended	
	September 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (162,038)	\$ (218,288)
Adjustments for non-cash items:		
Loss on fair value of derivative	4,899	-
Write-off of exploration and evaluation assets	4,032	\$ -
Working capital adjustments:		
Receivables	2,749	(6,258)
Prepays	(23,303)	44,850
Trade and other payables	(16,561)	(10,826)
Net cash flows used in operating activities	(190,222)	(190,522)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to exploration and evaluation assets	-	(210,775)
Net cash flows used in investing activities	-	(210,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	155,601	395,000
Share subscription received	19,750	13,000
Net cash flows from financing activities	175,351	408,000
Change in cash	(14,871)	6,703
Cash (Overdraft), beginning of period	30,062	(157)
Cash, end of period	\$ 15,191	\$ 6,546

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

UNITY ENERGY CORP.
Notes to interim financial statements
(Unaudited - Expressed in Canadian Dollars)
As at and for the periods ended September 30, 2017 and 2016

1. Nature and continuance of operations

Unity Energy Corp. (the "Company") is in the business of the acquisition and exploration of its exploration and evaluation assets. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX-V"). The Company's head office, principal address and registered and records office is 313 – 515 West Pender Street, Vancouver, B.C., V6B 6H5.

These financial statements were authorized for issue on November 29, 2017 by the directors of the Company.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2017 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of presentation

Basis of presentation

These interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements have been prepared on a historical cost basis, except for financial instruments. In addition, these interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These interim financial statements were approved by the board of directors for issue on November 29, 2017.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies that have the most significant effect on the amount recognized in the financial statements.

UNITY ENERGY CORP.
Notes to the financial statements
(Unaudited - Expressed in Canadian Dollars)
As at and for the periods ended September 30, 2017 and 2016

2. Significant accounting policies and basis of presentation (cont'd)
Critical accounting judgments and key sources of estimation uncertainty (cont'd)

a) Critical judgments in applying accounting policies

Going concern evaluation

As discussed in note 1, these interim financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these interim financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at September 30, 2017.

Review of asset carrying value and impairment assessment

In accordance with our policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell or value in use.

b) Key sources of estimation uncertainty

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgments on the amount and timing of recovery.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in comprehensive loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Impairment of assets (cont'd)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

c) Accounting Policies

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial instruments must be recognized, initially, at fair value on the statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)
Financial instruments (cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company had made the following classification of its financial instruments:

Financial assets or liabilities	Measurement category under IAS 39
Cash	Fair Value
Receivables	Loans and receivables
Marketable securities	Available for sale
Derivatives	Fair Value
Trade and other payables	Other liabilities

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3 – Inputs that are not based on observable market data.

The carrying value of accounts receivable and trade and other payables approximates its fair value due to their short-term maturity. The Company's cash has been assessed on the fair value hierarchy described above and classified as Level 1. Marketable securities have been classified as level 1 as their fair value is based on a quoted market price in an active market. The Company's derivatives consist of warrants to purchase common shares of a public company. Warrants have been classified as a level 3 financial instrument and their fair value has been estimated using the Black-Scholes pricing model (note 4).

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Share purchase warrants

The Company may enter into a financing arrangement requiring the issuance of warrants to holders as part of the transaction. Warrants may also be issued to brokers or finders as consideration for services provided. Warrants issued for services provided are measured at the fair value of services received. Only if the fair value of the services cannot be measured reliably would the fair value of the equity instruments granted be used. Warrants not issued in exchange for goods or services can be classified as a derivative financial liability or an equity instrument depending on the terms and conditions of the warrants. Consideration received on the sale of a share and share purchase warrant classified as equity is allocated, within equity, to their respective equity accounts on a reasonable basis. The allocation method the Company uses is residual method.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the 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.

Marketable Securities and Derivatives

Investments in units of another company consisting of a common share and a share purchase warrant are compound financial instruments which are initially measured using a relative fair value method. The value of the warrants and the common shares are first measured separately at their respective fair values. The fair value of the unit is then allocated to each component on a pro-rata basis.

Marketable securities are accounted for as available for sale investments and measured at their fair value at each reporting period. Subsequent changes in fair value are recorded in other comprehensive income.

Warrants are classified as derivative instruments as they are based on the fair value of the investment entity's quoted share price. Warrants are valued by using the Black-Scholes valuation technique. Derivatives are measured at fair value through profit and loss at each reporting period. Subsequent changes in the fair value of the warrants are recorded through profit and loss.

At each reporting period, the Company assesses the investment for indicators of impairment. Any impairment charges are removed from other comprehensive income and/or the value of the asset and recorded as part of profit and loss.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

3. Recently adopted accounting standards and accounting standards issued but not yet effective

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual period beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Customers, which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual period beginning on or after January 1, 2018.

IFRS 16 - Leases

This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted.

IFRS 2 – Share-based Payment

On June 30, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Corporation intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

The Corporation is currently assessing the impact these standards and amendments may have on its financial statements.

4. Long-Term Investment

On February 16, 2017, the Company subscribed for 500,000 units of 92 Resource Corp. which consisted of 500,000 shares and 500,000 share purchase warrants for a total cash cost of \$50,000. The warrants are exercisable an exercise price of \$0.15 per share expiring February 16, 2019.

The common shares were classified as available-for-sale financial assets and the warrants as derivative financial assets. The initial fair value of the shares was based on a quoted market price and the fair value of the warrants was estimated using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.79%, dividend yield of 0%, stock price volatility of 144%, and an expected life of 2 years.

UNITY ENERGY CORP.**Notes to the financial statements****As at and for the periods ended September 30, 2017 and 2016****(Unaudited - Expressed in Canadian Dollars)****4. Long-Term Investment (cont'd)**

The subsequent unrealized gain or loss on changes in fair value of marketable securities was recognized in other comprehensive income and the unrealized gain or loss on changes in fair value of the warrants was recognized as part of the loss for the period. When the shares are disposed of, the unrealized gains and losses will be recognized in profit and loss for the period.

	Marketable		
	Securities	Derivative	Total
Fair Value at Inception	\$ 30,168	\$ 19,832	\$ 50,000
Unrealized gain on change in fair value	29,832	18,776	48,608
Balance at March 31, 2017	60,000	38,608	98,608
Unrealized loss on change in fair value	-	(4,899)	(4,899)
Balance at September 30, 2017	\$ 60,000	\$ 33,709	\$ 93,709

5. Exploration and evaluation assets***McKenzie Lake***

On July 24, 2008 as amended on November 12, 2009, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "McKenzie Lake Property", located in the Province of Saskatchewan, Canada. Consideration for the acquisition was payments of \$86,378 and the issuance of 55,555 common shares with a fair value of \$220,000. During the year ended March 31, 2011, the Company was reimbursed by the Saskatchewan Ministry of Energy and Resources for the \$46,378 assessment fees paid on December 23, 2009.

The Company has earned its 100% interest and has no other commitments under this option agreement.

The McKenzie Lake Property is subject to a 1% net smelter royalty ("NSR") royalty, which may be purchased by the Company for \$1,000,000.

During the year ended March 31, 2016 the Company recorded an impairment on the carrying value of the McKenzie Lake Property of \$750,223 reducing its carrying value to \$1.

Subsequent to the year ended March 31, 2017, the claims underlying the McKenzie Lake Property were allowed to lapse.

UNITY ENERGY CORP.**Notes to the financial statements****As at and for the periods ended September 30, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)****5. Exploration and evaluation assets (cont'd)*****Thorburn Lake***

On February 22, 2010, as amended on May 24, 2012, January 25, 2013, March 24, 2014 and as further amended on August 19, 2015, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Thorburn Lake Property," located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- a payment of \$10,000 (paid);
- the issuance of 20,833 common shares (issued with a fair value of \$82,500);
- complete \$100,000 in exploration expenditures within 1 year of the agreement (completed);
- a payment of \$10,000 on or before July 14, 2014 (paid);
- a further issuance of 183,333 common shares on or before August 31, 2015 (issued with a fair value of \$55,000);
- a payment of \$50,000 on or before December 22, 2016. Amount was forgiven during the year;
- a payment of \$100,000 on or before December 22, 2017;
- a payment of \$150,000 on or before December 22, 2018;
- a payment of \$290,000 on or before December 22, 2019; and
- completion of \$1,000,000 in exploration work on or before December 22, 2019.

On June 1, 2015, the Company allowed the reduction of the following claims for the Company's Thorburn Lake Property due to cash conservation purposes uncertainty with respect to resources on the property:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111206	4,966	S-113953	1,009

The Thorburn Lake Property is subject to a 1% NSR royalty, which may be purchased by the Company for \$1,000,000

During the year ended March 31, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures and recorded an impairment on the Thorburn Lake Property of \$107,089, reducing its carrying value to \$1. Subsequent to year end the Company terminated the Thorburn Lake option agreement.

Waterbury Lake

On March 23, 2010, as amended on May 18, 2012 and as further amended on January 4, 2013 and on November 18, 2016, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Waterbury Lake Property," located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- the issuance of 25,000 common shares (issued with a fair value of \$135,000);
- a payment of \$50,000 on or before November 15, 2016 (paid);
- a payment of \$250,000 on or before November 15, 2017;
- a payment of \$400,000 on or before November 15, 2018;
- completion of \$2,500,000 in exploration work within 3 years of the signing of the agreement.

The Waterbury Lake Property is subject to a 1% NSR royalty, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2016 the Company recorded an impairment on the carrying value of the Waterbury Lake Property of \$114,834 reducing its carrying value to \$1.

Subsequent to the year ended March 31, 2017, the Company terminated the Waterbury Lake option agreement.

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5. Exploration and evaluation assets (cont'd)

Close Lake

The Company controls 245 hectares located in the Province of Saskatchewan, Canada. The Close Lake Property is subject to a 1% NSR, which may be repurchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the six months ended September 30, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures on the Close Lake Property.

Hoppy Lake

On July 30, 2010, the Company acquired certain mineral claims, referred to as the "Hoppy Lake Property," located in the Province of Saskatchewan, Canada. The Hoppy Lake Property is subject to a 1% NSR which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the six months ended September 30, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures on the Hoppy Lake Property.

Lampin Lake

On August 25, 2010, as amended on February 17, 2015 and further amended on November 18, 2016, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Lampin Lake Property," located in Saskatchewan, Canada. The Lampin Lake Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000.

The amended terms are as follows;

- \$20,000 (paid) and 27,778 Common shares within 5 days of regulatory approval (Issued with a fair value of \$233,469);
- A further cash consideration of \$50,000 on or before December 31, 2016 (paid);
- A further cash consideration of \$250,000 on or before December 31, 2017;
- A further cash consideration of \$300,000 on or before December 31, 2018; and
- Completion of \$2,000,000 in exploration expenditures on the Mineral Claims within 10 years of the signing of the agreement.

During the year ended March 31, 2017, the Company recorded an impairment on the Lampin Lake Property of \$50,000, reducing its carrying value to \$1. Subsequent to year end the Company terminated the Lampin Lake option agreement.

Dickens Lake Property

On May 26, 2011, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Dickens Lake Property," located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- payment of \$30,000 (paid); and
- the issuance of 55,555 shares (issued with at fair value of \$1,420,000).

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5. Exploration and evaluation assets (cont'd)

Dickens Lake (cont'd)

On October 2, 2012, the Company received final TSX Venture Exchange approval and executed a Plan of Arrangement Agreement with First Cobalt Corp., under which the Company paid \$200,000 (paid); and received 2,121,833 shares of First Cobalt Corp. (with a carrying value of \$1,466,749).

On October 2, 2012, as per the Farm-out Agreement, the Company has received a 10% interest in the property from First Cobalt Corp. in exchange for a cash payment of \$205,000 to be expended on the property.

On June 2, 2015, the Company allowed the reduction of the following claims for the Company's Dickens Lake Property due to cash conservation purposes and uncertainty with respect to resources on the property:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111354	1,181	S-113948	227
S-112212	2,164		
S-112210	1,464		
S-112211	1,250		

This reduction did not have an adverse effect on the agreement with First Cobalt Corp.

During the year ended March 31, 2017, the Company recorded an impairment on the Dickens Lake Property of \$7,679, reducing its carrying value to \$1.

During the six months ended September 30, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures on the Dickens Lake Property.

Mitchell Lake Property

On September 14, 2011, the Company acquired certain mineral claims, referred to as the "Mitchell Lake Property," located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- payment of \$30,000 (paid); and
- completion of \$2,500,000 in exploration expenditures on the property within four years of the signing of the agreement.

On April 15, 2014, the Company announced that it has entered into an agreement with 92 Resources Corp. ("92") whereby 92 can earn a 50% interest in the Mitchell Lake Uranium Project. 92 can earn a 50% interest in the Property by paying \$100,000 to Unity within 12 months of TSX-V approval and by completing \$3,000,000 in exploration expenditures on the Property over the next 4 years.

During the year ended March 31, 2016, the Company amended its agreement with 92 Resources Corp. Under the amended terms, 92 can earn a 50% interest in the option by paying \$50,000 to Unity Energy Corp. (paid February 16, 2017) and by completing \$3,000,000 in exploration expenditures on the Property over the next 4 years. The Mitchell Lake Property is subject to a 1.5% NSR, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2017, the Company recorded an impairment on the Mitchell Lake Property of \$11,953, reducing the carrying value to \$1. Subsequent to year end, the Company terminated the option out agreement with 92 Resources Corp. and its original option agreement for the Mitchell Lake Property.

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On September 27, 2011, the Company acquired certain mineral claims, referred to as the "Milliken Lake Property," in the Province of Saskatchewan, Canada. The Milliken Lake Property is subject to a 1.5% NSR, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the six months ended September 30, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures on the Milliken Lake Property.

North Shea Property (Part of West Carswell Property)

On October 24, 2012, as amended on April 15, 2014, the Company entered in an option agreement to earn a 100% interest in certain mineral claims, referred to as the "North Shea Property," located in the Province of Saskatchewan. The amended terms are as follows;

- \$10,000 (paid) and 55,555 Common shares within 5 days of regulatory approval (Issued with fair value of \$110,000);
- A further cash consideration of \$10,000 within 18 months of the signing of the agreement (paid);
- A further cash consideration of \$100,000 within 22 months of the signing of the agreement (due, \$17,500 paid);
- A further cash consideration of \$100,000 within 30 months of the signing of the agreement;
- A further cash consideration of \$190,000 within 42 months of the signing of the agreement; and
- Completion of \$3,000,000 in exploration expenditures on the Mineral Claims within 4 years of the signing of the agreement.

On June 1, 2015, the Company allowed the reduction of the following claims for the Company's North Shea Property for cash conservation purposes:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111174	971	S-113954	636
S-111203	1,130	S-113955	384

The North Shea Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000. During the year ended March 31, 2016, the Company recorded an impairment on the carrying value of the North Shea Property of \$67,724 reducing its carrying value to \$1.

During the six months ended September 30, 2017, the Company terminated the North Shea option agreement.

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5. Exploration and evaluation assets (cont'd)

Douglas River Property (Part of West Carswell Property)

On March 7, 2013, the Company acquired the "Douglas River Property" located in the Province of Saskatchewan in Canada. Consideration for this acquisition consists of the following:

- 5,000 (Paid) and 55,555 Common shares within 5 days of regulatory approval of this agreement (issued with a fair value of \$100,000);
- A further cash consideration of \$150,000 within 18 months of the signing of the agreement;
- A further cash consideration of \$150,000 within 30 months of the signing of the agreement;
- A further cash consideration of \$200,000 within 42 months of the signing of the agreement; and
- Completion of \$3,000,000 exploration expenditures on the Mineral Claim(s) within 4 years of the signing of this agreement.

On February 16, 2016, the above mentioned terms were amended as follows:

Consideration for the acquisition consists of the following:

- \$5,000 (Paid) and 55,555 Common shares within 5 days of regulatory approval of this agreement (issued with a fair value of \$100,000);
- A further cash consideration of \$150,000 on or before October 31, 2016;
- A further cash consideration of \$150,000 on or before October 31, 2017;
- A further cash consideration of \$200,000 on or before October 31, 2018; and
- Completion of \$1,000,000 exploration expenditures on the Mineral Claim(s) within 6 years of the signing of this agreement.

This property is subject to a 1% NSR, which may be purchased for \$1,500,000, less all amounts received by the Owner as NSR payments.

During the year ended March 31, 2016, the property was written down to a nominal value.

During the six months ended September 30, 2017, the Company terminated the Douglas River option agreement.

Dinty Lake Property

On June 3, 2013, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Dinty Lake Property," located in the Province of Saskatchewan. Consideration for the acquisition consists of the following:

- the issuance of 69,444 common shares of the Company within 5 days of approval by the TSX-V (issued with a fair value of \$37,500);
- a payment of \$100,000 within 18 months of signing of the agreement (paid April 7, 2016);
- a payment of \$300,000 within 30 months of signing of the agreement (due, not paid);
- a payment of \$1,600,000 within 42 months of signing the agreement; and
- completion of \$3,500,000 in exploration work within 36 months of the signing of the agreement (due, not completed).

The Dinty Lake Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2016, the Company recorded an impairment on the carrying value of the Dinty Lake Property of \$132,737 reducing its carrying value to \$1.

During the six months ended September 30, 2017, the Company terminated the Dinty Lake option agreement.

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5. Exploration and evaluation assets (cont'd)

Camsell Lake Property

On April 17, 2014, the Company entered in an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Camsell Lake Property," located in the Province of Saskatchewan. Consideration for the acquisition consists of the following:

- the issuance of 166,667 common shares of the Company within 5 days of approval by the TSX-V (issued with a fair value of \$160,000);
- a payment of \$20,000 within 5 days of approval by the TSX-V (paid)
- a payment of \$100,000 within 24 months of signing of the agreement;
- a payment of \$450,000 within 42 months of signing of the agreement and;
- completion of \$2,000,000 in exploration work within 5 years of the signing of the agreement.

The Camsell Lake Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000.

On May 8, 2014, final TSX Venture Exchange approval was received.

On April 3, 2016, the Company terminated its option agreement for the Camsell Lake Property in an attempt to conserve capital. This resulted in an impairment of charge of \$187,500 being recognized during the year ended March 31, 2016.

Gulch Mine Project

On May 21, 2014, the Company entered in an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Gulch Mine Project" located in the Province of Saskatchewan. Consideration for the acquisition consists of the following:

- a payment of \$100,000 upon signing of the agreement (paid)
- a payment of \$300,000 within 90 days of signing of the agreement;
- a payment of \$300,000 within 120 days of signing of the agreement;
- a payment of \$500,000 within 18 months of signing of the agreement and;
- completion of no less than \$300,000 in drilling on the mineral claims within 3 years of the signing of the agreement.

On June 19, 2015, the Company amended the Gulch Mine Property Option Agreement. Under the amended terms, the Company can earn 100% interest in the Gulch Mine Property by paying the following:

- a cash payment of \$100,000; (paid)
- issuing 166,667 Common Shares within 5 days of TSX Venture Exchange approval of the addendum (issued with a fair value of \$40,000);
- a further cash consideration of \$100,000 on or before May 21, 2017;
- a further cash consideration of \$100,000 on or before May 21, 2018; and
- a further cash consideration of \$100,000 on or before May 21, 2019;

A 2.5% Gross Overriding Royalty shall be reserved unto the Owner hereunder, of which 1% may be purchased at any time by Unity paying to the Owner \$1,000,000, less all amounts previously received by the Owner as royalty payments.

On August 12, 2015, the Company announced that it has entered into an agreement with Aldever Resources Inc. ("Aldever") whereby Aldever can earn a 90% interest in the Gulch Mine Property. The Company can earn a 80% interest in the option to acquire 100% interest in the Property by completing \$2,500,000 in exploration expenditures on the Mineral Claims within 5 years of the signing of the agreement, paying \$250,000 to the

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5. Exploration and evaluation assets (cont'd)

Gulch Mine Project (cont'd)

Company within 5 years of the signing of the agreement, and assume 100% of the commitments payable to the underlying vendor as follows;

- A cash consideration of \$100,000 on or before May 21, 2017;
- A further cash consideration of \$150,000 on or before May 21, 2018; and
- A further cash consideration of \$250,000 on or before May 21, 2019.

A 2.5% GOR shall be reserved unto the Owner hereunder, of which 1% may be repurchased at any time by Aldever paying to the owner \$1,000,000, less all amounts previously received by the Owner as GOR payments.

On July 5, 2016, the Company received a formal notice of termination from Aldever for the Gulch Mine Earn-In Agreement. On October 4, 2016, the Company terminated its option agreement for this project and recorded an impairment of \$144,576, reducing the carrying amount to \$Nil.

Carter Lake Project

On November 18, 2014, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the "Carter Lake Project" by issuing to the vendor the following:

- a payment of \$20,000 upon signing of the agreement (due, not paid);
- issuance of 200,000 common shares within 10 days of regulatory approval (issued with fair value of \$66,000) and;
- completion of \$3,000,000 in exploration expenditures on the mineral claim within 6 years of the agreement

The Carter Lake Project is subject to a 2% net royalty interest, of which 1% may be purchased by the Company for \$1,000,000.

On January 17, 2015, the Company signed an earn-in agreement with Aldever Resources Inc. (formerly Glenmark Capital Corp.) ("Aldever") whereby Aldever can earn an 80% interest on the mineral claims under the following terms:

- Payment of \$25,000 within 3 days of the signing of the agreement; (paid)
- Payment of \$25,000 within 90 days of the signing of the agreement; (outstanding)
- Payment of \$25,000 within 180 days of the signing of the agreement; (outstanding)
- Payment of \$25,000 within 270 days of the signing of the agreement; (outstanding)
- Payment of \$100,000 on the first anniversary of the signing of the agreement; (outstanding)
- Payment of \$100,000 on the second anniversary of the signing of the agreement;
- Payment of \$200,000 on the third anniversary of the signing of the agreement; and
- Completion of \$2,000,000 of exploration expenditures on the mineral claims within 6 years of the signing of the agreement.

During the year ended March 31, 2016, the Company recorded an impairment on the carrying value of the Carter Lake Property of \$60,999 reducing its carrying value to \$1.

On June 7, 2016, the Company received a formal notice of termination from Aldever for the Carter Lake Earn-In Agreement.

During the year ended March 31, 2017, the Company terminated the Carter Lake Option Agreement.

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5. Exploration and evaluation assets (cont'd)

Miller's Crossing Project

On November 25, 2015, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the "Miller's Crossing Project" by issuing each of the two vendors the following:

- 533,333 common shares within 5 days of TSXV approval of the agreement (issued with a fair value of \$312,000);
- Payment of \$50,000 on or before December 31, 2016 (unpaid);
- Payment of \$50,000 on or before December 31, 2017;
- Payment of \$200,000 on or before December 31, 2018;
- Completion of \$1,000,000 of exploration expenditures on the mineral claims within four years of signing of the agreement.

The project is subject to an aggregate 1% GOR payable to the underlying vendor of which one half may be purchased for \$1,000,000.

During the year ended March 31, 2017, the Company recorded an impairment on the Miller's Crossing Project of \$413,999, reducing the carrying value to \$1.

During the six months ended September 30, 2017, the Company incurred \$Nil (2016 - \$Nil) in exploration expenditures on the Miller's Crossing Project.

On August 30, 2017, the Company terminated its option agreement for the Miller's Crossing Project.

A summary of the Company's exploration and evaluation assets is shown below:

	McKenzie Lake	Thorburn Lake	Waterbury Lake	Carswell Property	Dickens Lake	Mitchell Lake	Dinty Lake	Miller Crossing	Carter Lake	Lampin Lake	Other	Total
Acquisition Costs												
Balance, March 31, 2017	-	1	-	4,031	-	1	-	1	1	-	1	4,036
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposition	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	(4,031)	-	-	-	(1)	-	-	-	(4,032)
Balance, Sept 30, 2017	-	1	-	-	-	1	-	-	1	-	1	4
Exploration Costs												
Balance, March 31, 2017	1	-	1	-	1	-	1	-	-	1	3	8
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposition	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance, Sept 30, 2017	1	-	1	-	1	-	1	-	-	1	3	8
Total March 31, 2017	1	1	1	4,031	1	1	1	1	1	1	4	4,044
Total Sept 30, 2017	1	1	1	-	1	1	1	-	1	1	4	12

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6. Share capital

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

2016

On June 30, 2015, the Company issued 166,667 shares with a fair value of \$40,000 pursuant to the Gulch Mine Property option agreement.

On August 27, 2015, the Company issued 183,333 shares with a fair value of \$55,000 pursuant to the Thorburn Lake Property option agreement.

On December 8, 2015, the Company issued 266,667 common shares with a fair value of \$312,000 pursuant to the Miller's Crossing Lithium Project agreement (Note 5).

2017

On April 15, 2016, the Company issued 741,667 units for total gross proceeds of \$445,000. Of the amount subscribed, \$97,000 was offset against existing accounts payable and \$348,000 was received in cash. Each unit consists of one common share and one-half transferrable share purchase warrant exercisable at a price of \$0.30 per share for a period of 2 years.

On November 17, 2016, the Company issued 666,667 shares with a fair value of \$100,000 pursuant to the Waterbury Lake and Lampin Lake Property option agreements (Note 5).

On February 16, 2017, the Company closed the 1st tranche of a private placement issuing 833,333 common shares for total gross proceeds of \$125,000. The Company received \$75,000 in cash proceeds and issued 1,000,000 common shares to settle accounts payable of \$50,000. Of the amount subscribed, \$21,000 was received in cash in the six months ended September 30, 2017. On February 24, 2017, the Company closed the 2nd tranche of the private placement issuing 1,166,667 common shares for total gross proceeds of \$175,000. The Company received \$25,000 in cash proceeds and issued 1,000,000 shares to settle \$125,000 in accounts payable.

On March 21, 2017, the Company completed a share consolidation of three (3) old common shares for one (1) new common share. All share amounts are stated on a post-consolidation basis.

2018

On September 27, 2017, the Company issued 1,414,550 common shares for total gross proceeds of \$155,601. Of the amount subscribed, \$106,101 was offset against existing accounts payable and \$49,500 was offset against short term loans.

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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6. Share capital (cont'd)

Stock options

The Company has a Stock Option Plan (the "Plan"), which follows the policies of the TSX-V regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

	Number of options outstanding	Number of options exercisable
Balance, March 31, 2016	333,333	333,333
Granted	-	-
Expired	(195,000)	(195,000)
Balance, March 31, 2017	138,333	138,333
Granted	-	-
Expired	(138,333)	(138,333)
Balance, September 30, 2017	-	-

On December 15, 2016, the outstanding options were re-priced at \$0.05. The Company recorded stock based compensation expense of \$16,811 related to the modification of the options. The weighted average contractual life of outstanding options is 0.09 years. On April 25, 2017, all remaining outstanding options expired unexercised.

Warrants

At September 30, 2017, the details of warrants outstanding are as follows:

	Number of warrants outstanding
Balance, March 31, 2017	370,833
Expired	-
Issued	-
Balance, September 30, 2017	370,833

The weighted average contractual life and weighted average exercise price of the warrants outstanding are 0.50 years and \$0.30, respectively.

7. Trade and other payables

	September 30, 2017	March 31, 2017
Trade and other payables	\$ 6,723	\$ 22,911
Accrued liabilities	11,927	12,300
	\$ 18,650	\$ 35,211

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8. Related party transactions

During the six months ended September 30, 2017, the Company:

- a) Incurred management fees of \$62,500 (2016 - \$18,000) to a director of the Company;
- b) Incurred consulting fees of \$10,800 (2016 - \$10,800), of which \$1,800 (2016 - \$1,800) was to a director of the Company and \$9,000 (2016 - \$9,000) was to a company controlled by a common director.
- c) Incurred management and consulting fees of \$Nil (2016 - \$2,500) to a company controlled by a former officer of the Company.
- d) The Company issued 284,550 common shares with fair value of \$31,301 to settle accounts payable with directors and officers of the Company.

As at September 30, 2017, \$22,303 (2016 - \$3,150) was prepaid to a director of the Company and a company controlled by a common director and has been recorded in Prepaid expenses. As at September 30, 2017, \$12 (2016 - \$900) was owed to a director and \$Nil (2016 - \$27,120) to a company controlled by a common director.

The Company had the following transactions with key management personnel:

	Six months Ended	
	September 30, 2017	September 30, 2016
Management and consulting fees	\$ 73,300	\$ 53,300
Share based compensation	-	-
Total	\$ 73,300	\$ 53,300

The Company's earn-in agreement on the Carter Lake Property constitutes a related party transaction as Aldever Resource Inc. is related through common directors and officers. The Company terminated the Carter Lake option agreement during the year ended March 31, 2017.

The Company's earn-in agreement on the Gulch Mine Property constitutes a related party transaction as Aldever Resources Inc. is related through common directors and officers. On July 5, 2016, the Company received a formal notice of termination from Aldever for the Gulch Mine Earn-In Agreement. On October 4, 2016, the Company terminated its option agreement for this project

9. Capital management

The Company manages its capital structure, consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended September 30, 2017.

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10. Financial instruments and risk management

Financial instruments

Fair value

As at September 30, 2017, the Company's financial instruments consisted of cash and cash equivalents, receivables, investments and trade payables. The fair values of cash and cash equivalents, receivables and trade and other payables approximate their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3: Inputs that are not based on observable market data

Cash and cash equivalents are classified as a level 1 input. The Company also classifies the share component of its investment as level 1 and the warrant component of the investment as level 3.

Risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its sales tax receivable is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances at variable rates. The risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

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11. Events After the Reporting Period

On November 22, 2017, the Company received TSX Venture Exchange Approval for its Non-Brokered Private Placement previously announced on November 21, 2017. The Company raised \$180,000 by selling 1,800,000 non-flow through common shares at a price of \$0.10 per share. No finder's fees were paid.