

UNITY ENERGY CORP.

Interim Financial Statements

For the six months ended September 30, 2018

(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
	2018	2018
ASSETS		
Current assets		
Cash	\$ 83,073	\$ 3,017
Marketable securities (note 3)	1,918	13,830
Receivables	13,127	9,886
Total Current Assets	98,118	26,733
Exploration and evaluation assets (note 4)	85,492	85,492
Total Assets	\$ 183,610	\$ 112,225
LIABILITIES		
Current liabilities		
Trade and other payables (note 6)	\$ 134,315	\$ 66,029
Loans payable (note 7)	86,625	-
Total Liabilities	220,940	66,029
EQUITY		
Share capital (note 5)	9,739,106	9,739,106
Share subscriptions advanced	3,374	-
Reserves (note 5)	693,602	693,602
Deficit	(10,473,412)	(10,386,512)
Total Equity	(37,330)	46,196
Total Liabilities and Equity	\$ 183,610	\$ 112,225

Nature and continuance of operations (note 1)

Subsequent event (note 10)

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

Approved on behalf of the Board

Director “Peter Born”
Peter Born

Director “Richard Ko”
Richard Ko

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

UNITY ENERGY CORP.
Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30		For the six months ended September 30	
	2018	2017	2018	2017
EXPENSES				
Consulting and management fees (note 7)	\$ 35,400	\$ 37,900	\$ 70,800	\$ 73,300
Office and general	15,043	24,211	33,795	68,091
Professional fees	428	787	1,425	3,148
Regulatory and filing fees	3,186	6,801	5,379	8,568
Loss from operations	(54,057)	(69,699)	(111,399)	(153,107)
Other items				
Write-off of exploration and evaluation assets (note 4)	-	(1)	-	(4,032)
Gain on settlement of debt	36,411	-	36,411	-
(Loss) Gain on fair value of derivative (note 3)	(11,912)	12,589	(11,912)	(4,899)
	24,499	12,588	24,499	8,931
Loss for the period before income tax	(29,558)	(57,111)	(86,900)	(162,038)
Deferred tax	-	2,600	-	-
Loss for the period	(29,558)	(54,511)	(86,900)	(162,038)
Other Comprehensive Loss				
Gain on fair value of available for sale securities, net of tax (note 4)	-	17,400	-	-
Net and comprehensive loss	\$ (29,558)	\$ (37,111)	\$ (86,900)	\$ (162,038)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	11,760,798	7,067,366	11,760,798	7,044,428

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)

	Number of Shares	Share capital	Share Subscriptions Advanced	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance at April 1, 2017	7,021,248	9,266,256	(21,000)	693,602	25,954	(9,859,300)	105,512
Shares issued for cash	1,414,550	155,601	19,750	-	-	-	175,351
Net and comprehensive loss	-	-	-	-	-	(162,038)	(162,038)
Balance at September 30, 2017	8,435,798	\$ 9,421,857	\$ (1,250)	\$ 693,602	\$ 25,954	\$ (10,021,338)	\$ 118,825
Balance at April 1, 2018	11,760,798	9,739,106	-	693,602	-	(10,386,512)	46,196
Share subscriptions advanced	-	-	3,374	-	-	-	3,374
Net and comprehensive loss	-	-	-	-	-	(86,900)	(86,900)
Balance at September 30, 2018	11,760,798	\$ 9,739,106	\$ 3,374	\$ 693,602	\$ -	\$ (10,473,412)	\$ (37,330)

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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (86,900)	\$ (162,038)
Adjustments for non-cash items:		
Loss on fair value of derivative	11,912	4,899
Gain on forgiveness of debt	(36,411)	-
Write-off of exploration and evaluation assets	-	4,032
Working capital adjustments:		
Receivables	(3,241)	2,749
Prepays	-	(23,303)
Trade and other payables	104,697	(16,561)
Net cash flows used in operating activities	(9,943)	(190,222)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	155,601
Loan advances	86,625	-
Share subscription advanced	3,374	19,750
Net cash flows from financing activities	89,999	175,351
Change in cash	80,056	(14,871)
Cash, beginning of period	3,017	30,062
Cash, end of period	\$ 83,073	\$ 15,191

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, 2018 and 2017

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 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, 2018 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. The Company has incurred operating losses since inception and at September 30, 2018, had a cumulative deficit of \$10,473,412. 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 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with IFRS.

These interim financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

These interim financial statements were approved by the board of directors for issue on November 28, 2018.

UNITY ENERGY CORP.
Notes to the financial statements
(Unaudited - Expressed in Canadian Dollars)
As at and for the periods ended September 30, 2018 and 2017

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

Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Company will continue as a going concern for the next year.

Recent accounting pronouncements

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. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

3. Marketable Securities

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 at 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.

For the year ended March 31, 2017, the Company recognized the subsequent unrealized gain on changes in fair value of marketable securities of \$29,832 in other comprehensive income and the unrealized gain on changes in fair value of the warrants of \$18,776 was recognized as part of the loss for the year.

For the year ended March 31, 2018, the Company recognized the subsequent unrealized loss on changes in fair value of the warrants of \$24,778 as part of the loss for the year.

The common shares with fair value at the disposition date of \$50,000 were disposed of during the year ended March 31, 2018 to settle accounts payable of \$52,815. The unrealized gains and losses previously recorded in other comprehensive income of \$19,832 and a gain of settlement of \$2,815 were recognized in profit and loss.

For the period ended September 30, 2018, the Company recognized the subsequent unrealized loss on changes in fair value of the warrants of \$11,912 as part of the loss for the period.

UNITY ENERGY CORP.**Notes to the financial statements****As at and for the periods ended September 30, 2018 and 2017****(Unaudited - Expressed in Canadian Dollars)****4. Exploration and evaluation assets*****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) a payment of \$10,000 (paid);
- b) the issuance of 20,833 common shares (issued with a fair value of \$82,500);
- c) complete \$100,000 in exploration expenditures within 1 year of the agreement (completed);
- d) a payment of \$10,000 on or before July 14, 2014 (paid);
- e) a further issuance of 183,333 common shares on or before August 31, 2015 (issued with a fair value of \$55,000);
- f) a payment of \$50,000 on or before December 22, 2016. Amount was forgiven during the year;
- g) a payment of \$100,000 on or before December 22, 2017;
- h) a payment of \$150,000 on or before December 22, 2018;
- i) a payment of \$290,000 on or before December 22, 2019; and
- j) 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.

During the year ended March 31, 2017, the Company terminated the Thorburn Lake option agreement.

Close Lake (other)

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 year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Close Lake Property.

Hoppy Lake (other)

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 year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Hoppy Lake Property.

UNITY ENERGY CORP.**Notes to the financial statements****As at and for the periods ended September 30, 2018 and 2017****(Unaudited - Expressed in Canadian Dollars)****4. Exploration and evaluation assets (cont'd)*****Dickens Lake Property (other)***

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).

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, 2015, the Company recorded an impairment on the carrying value of the Dickens Lake Property of \$197,320 reducing its carrying value to \$7,680.

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 year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Dickens Lake Property.

Milliken Lake Property (other)

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 year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) exploration expenditures on the Milliken Lake Property.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

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 year ended March 31, 2018, the Company terminated the North Shea option agreement.

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.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

Douglas River Property (Part of West Carswell Property) (cont'd)

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 Company incurred \$4,031 in exploration expenditures on the Carswell Property. During the year ended March 31, 2018, the Company terminated the Douglas River option agreement and recorded an impairment on the property of \$4,032.

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 year ended March 31, 2017, the Company incurred acquisition costs of \$100,000 and recorded an impairment on the Mitchell Lake Property of \$100,000, reducing the carrying value to \$1. During the year ended March 31, 2018, the Company terminated the Dinty Lake option agreement.

Margurete Gold Property

On September 5, 2017, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the "Margurete Gold Property" by paying the following:

- \$50,000 in cash;
- A further \$90,000 in 18 months;
- A further \$200,000 in 36 months;
- The Company must complete \$300,000 exploration expenditures within 5 years of the signing of the agreement.

The purchaser has the right to accelerate any of the payments completed under this agreement.

A 1% GORR has been granted to the vendor, of which ½% can be purchased by the Company for \$1,000,000.

During the year ended March 31, 2018, the Company incurred \$50,000 in acquisition expenditures and \$35,480 in exploration expenditures on the Margurete Gold Property.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

Margurete Gold Property (cont'd)

On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2018. Under the amended terms, the previous GORR ("Gross Overriding Royalty") will be replaced with a NSR ("Net Smelter Return"). The arms-length Vendor shall retain a one percent (1%) NSR, with a buyback provision of one-half percent (1/2%) to the Company for \$1,000,000. All other terms and conditions of the original Option Agreement shall remain in full force and effect.

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

	Thorburn Lake	Carswell Property	Mitchell Lake	Miller Crossing	Carter Lake	Margurete Gold	Other	Total
Acquisition Costs								
Balance, March 31, 2018	1	-	1	-	1	50,000	3	50,006
Additions	-	-	-	-	-	-	-	-
Disposition	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Balance, Sep 30, 2018	1	-	1	-	1	50,000	3	50,006
Exploration Costs								
Balance, March 31, 2018	-	-	-	-	-	35,480	6	35,486
Additions	-	-	-	-	-	-	-	-
Disposition	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Balance, Sep 30, 2018	-	-	-	-	-	35,480	6	35,486
Total March 31, 2018	1	-	1	-	1	85,480	9	85,492
Total September 30, 2018	1	-	1	-	1	85,480	9	85,492

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

5. Share capital

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

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 4).

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 three months ended June 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.

On November 22, 2017, the Company issued 1,800,000 common shares for total gross proceeds of \$180,000. Of the amount subscribed, \$160,000 was offset against existing accounts payable.

On January 31, 2018, the Company issued 1,525,000 common shares for total gross proceeds of \$137,250. Of the amount subscribed, \$107,550 was offset against existing accounts payable.

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.

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.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

5. Share capital (cont'd)

Stock options (cont'd)

	Number of options outstanding	Number of options exercisable
Balance, March 31, 2017	138,333	138,333
Granted	-	-
Expired	(138,333)	(138,333)
Balance, March 31, 2018	-	-

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, 2018, the details of warrants outstanding are as follows:

	Number of warrants outstanding
Balance, March 31, 2017	370,833
Expired	-
Issued	-
Balance, March 31, 2018	370,833

The warrants expired unexercised on April 15, 2018.

6. Trade and other payables

	September 30, 2018	March 31, 2018
Trade and other payables	\$ 52,644	\$ 35,329
Accrued liabilities	81,671	30,700
	\$ 134,315	\$ 66,029

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

7. Related party transactions

During the six months ended September 30, 2018, the Company:

- a) Incurred management fees of \$60,000 (2017 - \$62,500) to a former director of the Company;
- b) Incurred consulting fees of \$10,800 (2017 - \$10,800), of which \$1,800 (2017 - \$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) The Company issued Nil (2017 - 284,550) common shares with fair value of \$Nil (2017 - \$31,301) to settle accounts payable with directors and officers of the Company.
- d) A company controlled by a common director forgave debts totaling \$5,085 (2017 - \$Nil) during the period.
- e) Received a loan of \$15,500 (2017 \$Nil) from a director. This loan is unsecured and bears interest at 10% per annum.

As at September 30, 2018, the Company owed \$81,147 (2017 - \$12) to directors and officers and \$4,500 (2017 - \$Nil) to a company controlled by a common director. These balances have been recorded in trade and other payables.

The Company had the following transactions with key management personnel:

	Six Months Ended	
	September 30, 2018	September 30, 2017
Management and consulting fees	\$ 70,800	\$ 73,300
Share based compensation	-	-
Total	\$ 70,800	\$ 73,300

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.

8. 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, 2018.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the periods ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

9. Financial instruments and risk management

Financial instruments

Fair value

As at September 30, 2018, the Company's financial instruments consisted of cash, receivables, marketable securities and trade payables and their fair values 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 warrants component of marketable securities 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.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the periods ended September 30, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars)

10. Subsequent Event

On November 16, 2018, the Company received TSX Venture Exchange Approval for a private placement which raised a total of \$271,800 through the sale of 3,020,000 units at \$0.09 per unit. Each unit contained one non-flow through common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one non-flow through common share at a price of \$0.13 for a three year period. Two insiders subscribed in this placement, and no finder's fees were paid.