

# **Abenteuer Resources Corp.**

**Interim Consolidated Financial Statements**

**Three Month Period Ended March 31, 2012**

(Expressed in Canadian Dollars)

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

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

## Abenteuer Resources Corp.

Interim Consolidated Statement of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

	Notes	March 31, 2012	December 31, 2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		181,296	164,906
Short-term investments	3	1,011,004	1,006,429
Prepayments		13,323	-
Accounts receivable and other receivables	4	45,551	72,466
		1,251,174	1,243,801
<b>Non-current assets</b>			
Reclamation and other deposits	5	\$ 77,424	\$ 77,424
Oil properties	6	941,077	966,843
		1,018,501	1,044,267
		\$ 2,269,675	\$ 2,288,068
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	52,015	55,267
<b>Non-current liabilities</b>			
Decommissioning provisions	8	\$ 141,758	\$ 141,052
		\$ 193,773	\$ 196,319
<b>Shareholders' equity</b>			
Share capital	10	2,819,649	2,819,649
Reserves		322,304	322,304
Deficit		(1,066,051)	(1,050,204)
		2,075,902	2,091,749
		\$ 2,269,675	\$ 2,288,068

Approved by the Board of Directors:

*"David Parry"*

David Parry - Director

*"J. Lewis Dillman"*

J. Lewis Dillman - Director

See accompanying notes to the interim consolidated financial statements

## Abenteur Resources Corp.

Interim Consolidated Statement of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars - Unaudited)

	Notes	Three Month Period Ended March 31, 2012	Three Month Period Ended March 31, 2011
<b>REVENUE</b>			
Petroleum and natural gas sales		\$ 133,558	\$ 149,775
Less: Royalties and freehold mineral tax		(19,798)	(34,075)
		<u>113,760</u>	<u>115,700</u>
<b>EXPENSES</b>			
Production and operating expenses	6,13	36,868	30,702
Depletion, accretion and amortization	6	26,471	31,918
General and administrative	13	71,079	61,578
		<u>134,418</u>	<u>124,198</u>
<b>OTHER ITEMS</b>			
Property investigation		-	83,163
Other income		(4,811)	(40)
		<u>(4,811)</u>	<u>83,123</u>
<b>Net loss and comprehensive loss for the period</b>		<u>\$ (15,847)</u>	<u>\$ (91,621)</u>
<b>Basic and diluted loss per common share</b>		<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
<b>Weighted average common shares outstanding</b>		<u>18,278,266</u>	<u>17,924,877</u>

See accompanying notes to the interim consolidated financial statements

## Abenteuer Resources Corp.

Interim Consolidated Statement of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars - Unaudited)

	Share capital		Reserves				Total
	Notes	Number of Shares	Amount	Option	Warrant	Deficit	
<b>Balance at January 1, 2011</b>		<b>17,193,266</b>	<b>2,618,653</b>	<b>\$ 192,894</b>	<b>\$ 48,858</b>	<b>\$ (813,780)</b>	<b>\$ 2,046,625</b>
Loss for the period		-	-	-	-	(91,621)	(91,621)
Shares issued for cash – option exercise		200,000	45,918	(12,918)	-	-	33,000
Shares issued for cash – warrant exercise		785,000	137,554	-	(19,804)	-	117,750
<b>Balance at March 31, 2011</b>		<b>18,178,266</b>	<b>2,802,125</b>	<b>179,976</b>	<b>29,054</b>	<b>(905,401)</b>	<b>2,105,754</b>
Loss for the period		-	-	-	-	(144,803)	(144,803)
Shares issued for cash – warrant exercise		100,000	17,524	-	(2,524)	-	15,000
Stock options issued		-	-	115,798	-	-	115,798
<b>Balance at December 31, 2011</b>		<b>18,278,266</b>	<b>2,819,649</b>	<b>295,774</b>	<b>26,530</b>	<b>(1,050,204)</b>	<b>2,091,749</b>
Loss for the period		-	-	-	-	(15,847)	(15,847)
<b>Balance at March 31, 2012</b>		<b>18,278,266</b>	<b>\$ 2,819,649</b>	<b>\$ 295,774</b>	<b>\$ 26,530</b>	<b>\$ (1,066,051)</b>	<b>\$ 2,075,902</b>

See accompanying notes to the interim consolidated financial statements

**Abenteuer Resources Corp.**

Interim Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars - Unaudited)

	Three Month Period Ended March 31, 2012	Three Month Period Ended March 31, 2011
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (15,847)	\$ (91,621)
Items not affecting cash:		
Depletion, accretion and amortization	26,472	31,918
Other income	(4,575)	-
Changes in non-cash working capital items:		
Increase (decrease) in prepayments	(13,323)	3,685
Increase (decrease) in receivables	26,915	14,166
Increase (decrease) in accounts payable	(3,252)	(287,923)
	16,390	(329,775)
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of options and warrants	-	150,750
	-	150,750
Change in cash during the period	16,390	(179,025)
<b>Cash - beginning</b>	164,906	495,569
<b>Cash - end</b>	\$ 181,296	\$ 316,544

See accompanying notes to the interim consolidated financial statements

**1. Nature and continuance of operations**

Abenteuer Resource Corp. (the “Company”) was incorporated under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company’s registered office is Suite 1578 – 609 Granville Street, Vancouver, BC, Canada. The Company is engaged primarily in the exploration for, and the production of, petroleum reserves in Western Canada. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “ABU”.

These interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

**2. Basis of preparation**

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements. The accounting policies followed in these interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the period ended March 31, 2012, as issued and outstanding as of May 15, 2012, the date the Board of Directors approved the statements. The interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2011.

**3. Short-term investments**

The Company has \$1,000,000 (December 31, 2011 - \$1,000,000) invested in a variable rate GIC, based on the Bank of Montreal’s prime rate of 1.80%, with a maturity date of August 21, 2012. As at March 31, 2011, the Company had accrued interest on the investment of \$11,004.

**4. Accounts receivable and other receivables**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Value-added tax receivable	\$ 6,599	\$ 3,916
Other receivables	-	3,751
Trade receivables	38,952	64,799
	<u>\$ 45,551</u>	<u>\$ 72,466</u>

**5. Reclamation and other deposits**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Reclamation bond	\$ 32,506	\$ 32,506
Office rent deposit	44,918	44,918
	<b>\$ 77,424</b>	<b>\$ 77,424</b>

The Company has a reclamation bond having a value of \$32,506 (\$20,000 Well and \$12,506 Battery) that is held by the Saskatchewan Industry and Resources in the event that well King 03-27-004-07 W2 becomes orphaned. The Company earns interest at a rate of 0.85% per annum on the reclamation bond.

**6. Oil properties**

<sup>1</sup> The Company has working interests (“WI”) in five wells in south east Saskatchewan at Kingsford. Two of these are horizontal wells (HZ).

#	Well	WI %
1	King 141/08-13-004-07 W2M	45.90
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13.00
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45.90
4	King 4D8-14/2A11-13-004-07 W2	10.50
5	King 03-27-004-07 W2	100.00

Abenteuer Resources Corp.  
Notes to the Interim Consolidated Financial Statements  
(Expressed in Canadian dollars)  
Three Month Period Ended March 31, 2012 and 2011

6. Oil properties (cont'd)<sup>1</sup>

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
<b>Cost:</b>						
At December 31, 2011	\$ 401,275	\$ 83,167	\$ 741,962	\$ 350,606	\$ 527,188	\$ 2,104,198
Additions	-	-	-	-	-	-
Decommissioning change in estimate	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2012	401,275	83,167	741,962	350,606	527,188	2,104,198
<b>Depletion:</b>						
At December 31, 2011	(224,893)	(45,299)	(416,007)	(192,195)	(258,961)	(1,137,355)
Charge for the year	(4,764)	(1,023)	(8,804)	(4,279)	(6,896)	(25,766)
At March 31, 2012	(229,657)	(46,322)	(424,811)	(196,474)	(265,857)	(1,163,121)
<b>Net book value:</b>						
At December 31, 2011	176,382	37,868	325,955	158,411	268,227	966,843
<b>At March 31, 2012</b>	<b>\$ 171,618</b>	<b>\$ 36,845</b>	<b>\$ 317,151</b>	<b>\$ 154,132</b>	<b>\$ 261,331</b>	<b>\$ 941,077</b>

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
<b>Cost:</b>						
At December 31, 2010	\$ 395,908	\$ 82,015	\$ 732,043	\$ 345,786	\$ 518,957	\$ 2,074,709
Additions	-	-	-	-	-	-
Decommissioning change in estimate	5,367	1,152	9,919	4,820	8,231	29,489
Disposals	-	-	-	-	-	-
At December 31, 2011	401,275	83,167	741,962	350,606	527,188	2,104,198
<b>Depletion:</b>						
At December 31, 2010	(203,373)	(40,679)	(376,238)	(172,868)	(223,713)	(1,016,871)
Charge for the year	(21,520)	(4,620)	(39,769)	(19,327)	(35,248)	(120,484)
At December 31, 2011	(224,893)	(45,299)	(416,007)	(192,195)	(258,961)	(1,137,355)
<b>Net book value:</b>						
At December 31, 2010	192,535	41,336	355,805	172,918	295,244	1,057,838
<b>At December 31, 2011</b>	<b>\$ 176,382</b>	<b>\$ 37,868</b>	<b>\$ 325,955</b>	<b>\$ 158,411</b>	<b>\$ 268,227</b>	<b>\$ 966,843</b>

**7. Accounts payables and accrued liabilities**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Trade payables	\$ 17,765	\$ 15,267
Accrued liabilities	34,250	40,000
	<b>\$ 52,015</b>	<b>\$ 55,267</b>

**8. Decommissioning provisions**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Balance, beginning	\$ 141,052	\$ 107,895
Change in estimate	-	29,489
Accretion expense	706	3,668
Balance, end	<b>\$ 141,758</b>	<b>\$ 141,052</b>

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required at the completion of petroleum extraction activities. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third party specialist. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

The Company has calculated the fair value of the asset retirement obligation using a risk free discount rate of 2.0% (December 31, 2011 – 2.0%). The estimated total future undiscounted cash flows to settle the asset retirement obligations are \$186,408 (December 31, 2011 - \$186,408) and are expected to be incurred over a period of approximately 18 years.

Refer to note 5.

**9. Related party transactions**

The Company incurred the following transactions with directors and companies that are controlled by directors of the Company.

	<b>2012</b>	<b>2011</b>
Director fees	\$ 6,000	\$ 9,000
Mineral royalties	763	2,027
Professional fees	21,000	8,295
	<b>\$ 27,763</b>	<b>\$ 19,322</b>

***Key management compensation<sup>1</sup>***

	<b>2012</b>	<b>2011</b>
Management fees	\$ 7,500	\$ 7,500
Stock based compensation	-	-
	<b>\$ 7,500</b>	<b>\$ 7,500</b>

<sup>1</sup> Key Management includes the CEO and CFO.

**10. Share capital**

***Authorized share capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

***Issued share capital***

There are no preferred shares issued or outstanding. The common shares issued and outstanding are as follows:

	<b>Number of Shares</b>	<b>Amount</b>
Balance as at January 1, 2011	17,193,266	\$ 2,618,653
Exercise of share purchase warrants	885,000	132,750
Exercise of stock options	200,000	33,000
Transfer from warrant and option reserve	-	35,246
Balance as at December 31, 2011 and March 31, 2012	18,278,266	2,819,649

***Stock options***

The Company has adopted a fixed incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company. Options granted during 2011 and 2010 vested fully on the grant date.

**10. Share capital (cont'd)**

The following table summarizes the options outstanding as at March 31, 2012:

Number of Options	Exercise Price	Expiry Date
1,150,000	\$0.20	November 24, 2016

There were no changes in options during the period ended March 31, 2012.

The changes in options during the year ended December 31, 2011 are as follows:

	2011			
	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average stock price on exercise
Options outstanding, beginning	200,000	\$ 0.16	\$ 0.09	
Options granted	1,150,000	0.20	0.10	
Options exercised	(200,000)	0.16	0.09	\$ 0.35
Options outstanding, end	1,150,000	\$ 0.20	\$ 0.10	
Options exercisable, end	1,150,000	\$ 0.20	\$ 0.10	

During the year ended December 31, 2011, the Company granted 1,150,000 incentive stock options with a strike price of \$0.20 and an expiration date of November 24, 2016. The options were determined to have a fair value of \$115,798. The options were valued using a Black Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.85%
Expected volatility	84%
Expected dividend yield	Nil
Expected life of option	5 yrs

***Share purchase warrants***

There were no warrants issued or outstanding during the period ended March 31, 2012. The changes in warrants during the year ended December 31, 2011 are as follows:

	2011	
	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	1,990,000	\$ 0.15
Warrants exercised	(885,000)	0.15
Warrants expired	(1,105,000)	0.15
Warrants outstanding, end	-	\$ -
Warrants exercisable, end	-	\$ -

## 11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *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 major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of petroleum sales to long standing customers with reputable credit history. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

### *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 ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's main source of funding has been through revenue earned from its operating well interests and the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2012:

	Within one year	Between one and five years	More than five years
Accounts payables and accrued liabilities	\$ 52,015	\$ -	\$ -

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its short-term investments as they are exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of \$10,000.

**11. Financial risk management (cont'd)**

***Foreign exchange risk***

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

***Commodity risk***

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world economic events that dictate the levels of supply and demand. The Company's earnings and its ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of oil. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. The Corporation had no hedging contracts in place as at or during the period ended March 31, 2012. A \$10 change in the price of oil would give rise to a gain/loss of approximately \$6,000.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital requirements by maintaining a budgeting and forecasting process to determine whether equity funding is required.

The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

Financial assets included in the statement of financial position are as follows:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Loans and receivables:		
Cash	\$ 181,296	\$ 164,906
Short-term investments	1,011,004	1,006,429
Reclamation bond	32,506	32,506
Accounts receivable and other receivables	45,551	72,466
	<b>\$ 1,270,357</b>	<b>\$ 1,276,307</b>

**11. Financial risk management (cont'd)**

Financial liabilities included in the statement of financial position are as follows:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Accounts payable and accrued liabilities	\$ 52,015	\$ 55,267

*Fair value*

The fair value of the Company's financial assets and liabilities approximates the carrying amount with the exception of the restoration provision.

**12. Segmented information**

The Company operates in a single reportable operating segment – the acquisition, production, exploration and development of oil and gas properties. The Company operates in one geographic segment located in Canada, but considers its operating wells to be grouped into two cash generating units.

**13. Expense by nature**

General and administrative was comprised of the following:

	<b>2012</b>	<b>2011</b>
Office rent	\$ 3,600	\$ 5,400
Director fees	6,000	9,000
Management fees	7,500	7,500
Professional fees	32,776	16,549
Transfer and filing fees	6,888	17,896
Travel	-	204
Other	14,315	5,029
	<u>\$ 71,079</u>	<u>\$ 61,578</u>

Operating was comprised of the following:

	<b>2012</b>	<b>2011</b>
Contract labour	11,413	7,957
Power	6,295	4,510
Trucking	7,890	3,856
Supplies and other	11,270	14,379
	<u>36,868</u>	<u>30,702</u>