Abenteuer Resources Corp.

Interim Consolidated Financial Statements

June 30, 2014

(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.

Inerim Consolidated Statement of Financial Position

(Expressed in Canadian Dollars - Unaudited)

	Notes		June 30, 2014		December 31, 2013
ASSETS					
Current assets					
Cash and cash equivalents		$	495,158	$	50,129
Short-term investments	3		-		858,907
Prepaids			16,566		5,557
Inventory	4		3,056		-
Accounts receivable and other receivables	5		63,850		34,388
			578,630		948,981
Non-current assets					
Reclamation and other deposits	6		77,424		77,424
Oil properties	7		609,352		465,866
			686,776		543,290
		$	1,265,406	$	1,492,271
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	8	$	27,307	$	99,443
Non-current liabilities					
Decommissioning provisions	9		124,896		123,190
			152,203		222,633
Shareholders' equity					
Share capital	11		2,819,649		2,819,649
Reserves			363,677		322,304
Deficit			(2,070,123)		(1,872,315)
			1,113,203		1,269,638
		$	1,265,406	$	1,492,271

Subsequent Events (Note 19)

Approved by the Board of Directors:

"David Parry"

David Parry - Director

"J. Lewis Dillman"

J. Lewis Dillman - Director

Abenteuer Resources Corp.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

	Notes	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013	Six Month Period Ended June 30, 2014	Six Month Period Ended June 30, 2013
REVENUE					
Oil sales		$ 197,617	$ 98,036	$ 360,912	$ 233,136
Royalty income		2,035	(13,114)	3,735	(31,771)
Royalty expense and freehold mineral tax		(7,339)	-	(17,010)	-
		192,313	84,922	347,637	201,365
EXPENSES					
Operating expenses	14	101,610	51,205	199,760	129,799
General and administrative	14	191,405	107,886	349,047	212,305
		293,015	159,091	548,807	342,104
OTHER ITEMS					
Interest income		1,382	1,249	3,362	2,648
		1,382	1,249	3,362	2,648
Net loss and comprehensive loss for the year		$ (99,320)	$ (72,920)	$ (197,808)	$ (138,091)
Basic and diluted loss per common share		$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average common shares outstanding		18,278,266	18,278,266	18,278,266	18,278,266

Abenteuer Resources Corp.

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

		Share capital		Reserves				
	Notes	Number of Shares	Amount	Option	Warrant	Total	Deficit	Total
Balance at January 1, 2013		**18,278,266**	**2,819,649**	**$ 295,774**	**$ 26,530**	**$ 322,304**	**$ (1,200,871)**	**$ 1,941,082**
Loss for the period		-	-	-	-	-	(138,091)	(138,091)
Balance at June 30, 2013		**18,278,266**	**2,819,649**	**295,774**	**26,530**	**322,304**	**(1,338,962)**	**1,802,991**
Loss for the period		-	-	-	-	-	(533,353)	(533,353)
Balance at December 31, 2013		**18,278,266**	**2,819,649**	**295,774**	**26,530**	**322,304**	**(1,872,315)**	**1,269,638**
Incentive stock options issued		-	-	41,373	-	41,373	-	41,373
Loss for the period		-	-	-	-	-	(197,808)	(197,808)
Balance at June 30, 2014		**18,278,266**	**$ 2,819,649**	**$ 337,147**	**$ 26,530**	**$ 363,677**	**$ (2,070,123)**	**$ 1,113,203**

See accompanying notes to the interim consolidated financial statements

Abenteuer Resources Corp.

Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Three Month Period Ended June 30, 2014	Three Month Period Ended June 30, 2013	Six Month Period Ended June 30, 2014	Six Month Period Ended June 30, 2013
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Loss for the year	$ (99,320)	$ (72,920)	$ (197,808)	$ (138,091)
Items not affecting cash:				
Depletion	62,097	22,048	96,482	55,210
Accretion	853	644	1,706	1,287
Share-based payments	41,373	-	41,373	-
Other income	291	(1,200)	(128)	(2,400)
Changes in non-cash working capital items:				
Decrease in receivables	41,244	(1,085)	(29,462)	11,293
Decrease (increase) in prepaids	(3,286)	(1,243)	(11,010)	(5,413)
Increase in inventory	(3,056)	-	(3,056)	-
Increase (decrease) in accounts payable	(123,288)	(6,031)	(72,136)	(19,303)
	(83,092)	(59,787)	(174,039)	(97,417)
INVESTING ACTIVITIES				
Redemption of short-term investment	203,000	5,000	478,000	5,000
Reclassification of short-term investment	381,035	1,001,942	381,035	1,001,942
Oil and gas property expenditures	(11,841)	-	(239,967)	-
	572,194	1,006,942	619,068	1,006,942
Change in cash and cash equivalents	489,102	947,155	445,029	909,525
Cash and cash equivalents - beginning	6,056	92,886	50,129	130,516
Cash and cash equivalents - end	$ 495,158	$ 1,040,041	$ 495,158	$ 1,040,041

See accompanying notes to the interim consolidated financial statements

(Expressed in Canadian dollars)

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, V7Y 1G5. 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

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the period ended December 31, 2013, as issued and outstanding as of April 27, 2014, the date the Board of Directors approved the annual audited financial 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, 2013.

3. Short-term investments

The Company has $377,000 (December 31, 2013 - $855,000) invested in a variable rate term deposit, earning interest based on the Bank of Montreal's prime rate less 1.75%, with a maturity date of August 15, 2014. As at June 30, 2014, the Company had accrued interest on the investment of $4,035 (December 31, 2013 - $3,907). Additionally, due to the near term maturity date of the term deposit investment it has been reclassified as a cash equivalent as at June 30, 2014.

4. Inventory

As at June 30, 2014, the Company had oil remaining in its tank battery on site totaling $3,056 (December 31, 2013 - $nil).

5. Accounts receivable and other receivables

	June 30, 2014 ($)	December 31, 2013 ($)
Value-added tax receivable	9,537	4,960
Trade receivables	54,313	29,428
	63,850	34,388

(Expressed in Canadian dollars)

6. Reclamation and other deposits

	June 30, 2014 ($)	December 31, 2013 ($)
Reclamation bond	32,506	32,506
Office rent deposit	44,918	44,918
	77,424	77,424

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.

7. Oil properties

The Company has working interests ("WI") in six producing wells in southeast Saskatchewan at Kingsford. Five of these are horizontal wells.

Well #		Working Interest (%)	Net Revenue Interest (%)
1	King 141/08-13-004-07 W2M	45.90	39.02
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13.00	13.00
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45.90	39.02
4	King 4D8-14/2A11-13-004-07 W2	10.50	8.93
5	King 03-27-004-07 W2	100.00	84.50
6	Steelman 191/07-18-004-06W2	13.00	13.00

In October 2011 the Company executed a farm-out agreement with Admiralty Oils Ltd. ("Admiralty"), an arm's length private Saskatchewan oil company, to drill at least one test well on Section 27 of the West Kingsford pool in southeastern Saskatchewan.

Under the terms of the agreement, Admiralty could earn a 70-per-cent working interest in the well and farm-out lands, not including Well #5 above, by incurring 100 per cent of the drilling and well-completion costs, up to equipping and tie-in. The Company retained the option to convert its 30-per-cent working interest into a 10 percent gross overriding royalty ("GORR"). Admiralty, as operator, was required to spud the first well prior to October 20, 2012. This deadline was not met and the Company granted Admiralty a six month extension in exchange for $25,000 in cash. In October 2013, Admiralty completed a vertical, and the Company elected to receive the 10% GORR. Accordingly, the Company has no current or future liabilities in connection with this well.

As of December 31, 2013, the Company completed an assessment as to whether any impairment indicators existed in accordance with IAS 36, Impairment of Assets. As a result of this assessment, it was concluded that an impairment indicator does exist due to lower estimated reserve recoveries forecasted for Wells 1 and 3. In conjunction with its accounting policy on Impairment of long lived assets, the Company recognized an impairment of $302,429 in respect of Wells 1 and 3.

No further impairment indicators were identified during the period ended June 30, 2014.

(Expressed in Canadian dollars)

7. Oil properties (continued)

2014	Well #1 ($)	Well #2 ($)	Well #3 ($)	Well #4 ($)	Well #5 ($)	Well #6 ($)	Total ($)
Cost:							
At December 31, 2013	392,474	82,779	731,464	348,418	521,289	15,637	2,092,061
Additions	-	-	-	-	-	239,968	239,968
Decommissioning change in estimate	-	-	-	-	-		-
At June 30, 2014	392,474	82,779	731,464	348,418	521,289	255,605	2,332,029
Depletion:							
At December 31, 2013	(250,037)	(54,530)	(464,242)	(225,462)	(329,495)	-	(1,323,766)
Charge for the period	(5,928)	(2,012)	(7,075)	(5,069)	(14,047)	(62,351)	(96,482)
At June 30, 2014	(255,965)	(56,542)	(471,317)	(230,531)	(343,542)	(62,351)	(1,420,248)
Impairment:							
At December 31, 2013	(117,521)	-	(184,908)	-	-	-	(302,429)
Charge for the period	-	-	-	-	-	-	-
At June 30, 2014	(117,521)	-	(184,908)	-	-	-	(302,429)
Net book value:							
At December 31, 2013	24,916	28,249	82,314	122,956	191,794	15,637	465,866
At June 30, 2014	**18,988**	**26,237**	**75,239**	**117,887**	**177,747**	**193,254**	**609,352**

2013	Well #1 ($)	Well #2 ($)	Well #3 ($)	Well #4 ($)	Well #5 ($)	Well #6 ($)	Total ($)
Cost:							
At December 31, 2012	$ 401,122	$ 83,134	$ 741,680	$ 350,469	$ 526,956	-	$2,103,361
Additions	-	-	-	-	-	11,121	11,121
Decommissioning change in estimate	(8,648)	(355)	(10,216)	(2,051)	(5,667)	4,516	(22,421)
At December 31, 2013	392,474	82,779	731,464	348,418	521,289	15,637	2,092,061
Depletion:							
At December 31, 2012	(242,615)	(49,104)	(448,758)	(208,112)	(289,692)	-	(1,238,281)
Charge for the year	(7,422)	(5,426)	(15,484)	(17,350)	(39,803)	-	(85,485)
At December 31, 2013	(250,037)	(54,530)	(464,242)	(225,462)	(329,495)	-	(1,323,766)
Impairment:							
At December 31, 2012	-	-	-	-	-	-	-
Charge for the year	(117,521)	-	(184,908)	-	-	-	(302,429)
At December 31, 2013	(117,521)	-	(184,908)	-	-	-	(302,429)
Net book value:							
At December 31, 2012	158,507	34,030	292,922	142,357	237,264	-	865,080
At December 31, 2013	**$ 24,916**	**$ 28,249**	**$ 82,314**	**$ 122,956**	**$ 191,794**	**15,637**	**$465,866**

(Expressed in Canadian dollars)

8. Accounts payables and accrued liabilities

	June 30, 2014 ($)	December 31, 2013 ($)
Trade payables	5,307	76,443
Accrued liabilities	22,000	23,000
	27,307	99,443

9. Decommissioning provisions

	June 30, 2014 ($)	December 31, 2013 ($)
Balance, beginning	123,190	143,036
Change in estimate	-	(22,421)
Accretion expense	1,706	2,575
Balance, end	124,896	123,190

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 1.96% (December 31, 2013 – 1.96%). The estimated total future undiscounted cash flows to settle the asset retirement obligations are $157,467 (December 31, 2013 - $157,467) and are expected to be incurred over a period of approximately 20 years.

Refer to note 5.

10. Related party transactions

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

	2014 ($)	2013 ($)
Director fees	12,000	12,000
Mineral royalties paid to a director of the Company	1,334	1,495
	13,334	13,495

Key management compensation

	2014 ($)	2013 ($)
Management fees paid to the CEO	12,000	12,000
Professional fees paid to the CFO	24,000	24,000
	36,000	36,000

(Expressed in Canadian dollars)

10. Related party transactions (continued)

As at June 30, 2014, a total of $nil (December 31, 2013 - $174) was owing to a director of the Company for mineral royalties on the #4 well.

11. 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. There were no common shares issued during the six month period ended June 30, 2014 or the year ended December 31, 2013.

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.

The changes in stock options during the six month period ended June 30, 2014 are as follows:

	2014		
	Number of options	**Weighted average exercise price**	**Weighted average grant date fair value**
Options outstanding, beginning	1,150,000	$ 0.20	$ 0.10
Options granted	675,000	0.10	0.02
Options outstanding, end	1,825,000	$ 0.16	$ 0.09
Options exercisable, end	1,825,000	$ 0.16	$ 0.09

(Expressed in Canadian dollars)

11. Share capital (continued)

During the period ended June 30, 2014, the Company granted 675,000 incentive stock options with a strike price of $0.10 and an expiration date of April 7, 2019. The options were determined to have a fair value of $41,373. The options were valued using a Black Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.71%
Expected volatility	82%
Expected dividend yield	Nil
Expected life of option	5 yrs

The following table summarizes the options outstanding as at June 30, 2014:

Number of Options	Exercise Price	Expiry Date
675,000	$0.10	April 7, 2019
1,150,000	$0.20	November 24, 2016

There were no changes in stock options outstanding during the year ended December 31, 2013.

The following table summarizes the options outstanding as at December 31, 2013:

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

Share purchase warrants

There were no warrants issued or outstanding during the six month period ended June 30, 2014 or the year ended December 31, 2013.

12. 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.

12. Financial risk management (continued)

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 June 30, 2014:

	Within one year ($)	Between one and five years ($)	More than five years ($)
Accounts payables and accrued liabilities	27,307	-	-

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 $3,800.

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 June 30, 2014. A $10 change in the price of oil would give rise to a gain/loss of approximately $39,000.

(Expressed in Canadian dollars)

12. Financial risk management (continued)

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:

	June 30, 2014 ($)	**December 31, 2013 ($)**
Loans and receivables:		
Cash and cash equivalents	495,158	50,129
Short-term investments	-	858,907
Reclamation bond	32,506	32,506
Accounts receivable and other receivables	63,850	34,388
	591,514	975,930

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

	June 30, 2014 ($)	**December 31, 2013 ($)**
Accounts payable and accrued liabilities	27,307	99,443

Fair value

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

13. 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 six cash generating units.

(Expressed in Canadian dollars)

14. Expense by nature

General and administrative expense is comprised of the following:

	2014 ($)	2013 ($)
Office rent	52,316	49,952
Director fees	12,000	12,000
Management fees	12,000	12,000
Professional and consulting fees	149,218	72,294
Transfer and filing fees	9,180	10,671
Travel	40,728	20,896
Administrative and other	73,605	34,492
	349,047	212,305

Operating expense is comprised of the following:

	2014 ($)	2013 ($)
Contract labour	33,195	31,016
Depletion (Note 6)	93,426	55,210
Accretion of decommissioning provision (Note 8)	1,706	1,287
Power	16,705	10,790
Trucking	20,565	15,101
Supplies and other	34,163	16,395
	199,760	129,799