

Abenteuer Resources Corp.

Interim Consolidated Financial Statements

September 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	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		\$ 68,002	\$ 50,129
Short-term investments	3	377,400	858,907
Prepays		50,724	5,557
Accounts receivable and other receivables	4	72,368	34,388
		568,494	948,981
Non-current assets			
Reclamation and other deposits	5	32,769	77,424
Oil properties	6	585,497	465,866
		618,266	543,290
		\$ 1,186,760	\$ 1,492,271
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 159,391	\$ 99,443
Non-current liabilities			
Decommissioning provisions	8	125,749	123,190
		285,140	222,633
Shareholders' equity			
Share capital	10	2,819,649	2,819,649
Reserves		363,677	322,304
Deficit		(2,281,706)	(1,872,315)
		901,620	1,269,638
		\$ 1,186,760	\$ 1,492,271

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

Abenteuer Resources Corp.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

		Three Month Period Ended		Nine Month Period Ended	
	Notes	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
REVENUE					
Oil sales		\$ 131,009	\$ 95,261	\$ 491,921	\$ 328,397
Royalty income		1,860	-	5,595	-
Royalty expense and freehold mineral tax		(14,723)	(13,408)	(31,733)	(45,179)
		118,146	81,853	465,783	283,218
EXPENSES					
Operating expenses	13	108,183	61,498	307,943	191,297
General and administrative	13	222,423	96,423	571,470	308,728
		330,606	157,921	879,413	500,025
OTHER ITEMS					
Interest income		877	6,260	4,239	8,908
		877	6,260	4,239	8,908
Net loss and comprehensive loss for the year		\$ (211,583)	\$ (69,808)	\$ (409,391)	\$ (207,899)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average common shares outstanding		18,278,266	18,278,266	18,278,266	18,278,266

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)

	Notes	Share capital		Reserves			Deficit	Total
		Number of Shares	Amount	Option	Warrant	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		-	-	-	-	-	(207,899)	(207,899)
Balance at September 30, 2013		18,278,266	2,819,649	295,774	26,530	322,304	(1,408,770)	1,733,183
Loss for the period		-	-	-	-	-	(463,545)	(463,545)
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		-	-	-	-	-	(409,391)	(409,391)
Balance at September 30, 2014		18,278,266	\$ 2,819,649	\$ 337,147	\$ 26,530	\$ 363,677	\$ (2,281,706)	\$ 901,620

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		Nine Month Period Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Loss for the period	\$ (211,583)	\$ (69,808)	\$ (409,391)	\$ (207,899)
Items not affecting cash:				
Depletion	37,192	13,992	133,674	69,202
Accretion	853	644	2,559	1,931
Share-based payments	-	-	41,373	-
Other income	3,635	1,032	3,507	(1,368)
Changes in non-cash working capital items:				
Decrease in receivables	(8,518)	18,572	(37,980)	29,865
Decrease (increase) in prepaids	10,761	-	(249)	(5,413)
Decrease in inventory	3,056	-	-	-
Increase (decrease) in accounts payable	132,084	31,920	59,948	12,617
	(32,520)	(3,648)	(206,559)	(101,065)
INVESTING ACTIVITIES				
Redeem (buy) short-term investment	-	(927,400)	478,000	79,542
Reclassification of short-term investment	(381,035)	-	-	-
Advance for workover costs	(263)	-	(263)	-
Oil and gas property expenditures	(13,338)	(13,197)	(253,305)	(13,197)
	(394,636)	(940,597)	224,432	66,345
Change in cash and cash equivalents	(427,156)	(944,245)	17,873	(34,720)
Cash and cash equivalents - beginning	495,158	1,040,041	50,129	130,516
Cash and cash equivalents - end	\$ 68,002	\$ 95,796	\$ 68,002	\$ 95,796

See accompanying notes to the interim consolidated financial statements

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

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 1.80%, with a maturity date of August 15, 2015. As at September 30, 2014, the Company had accrued interest on the investment of \$400 (December 31, 2013 - \$3,907).

4. Accounts receivable and other receivables

	September 30, 2014 (\$)	December 31, 2013 (\$)
Value-added tax receivable	9,014	4,960
Royalty income receivable	3,516	9,600
Trade receivables	59,838	19,828
	<u>72,368</u>	<u>34,388</u>

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

5. Reclamation and other deposits

	September 30, 2014 (\$)	December 31, 2013 (\$)
Reclamation bond	32,506	32,506
Office rent deposit	-	44,918
Drilling and completion advance	263	-
	32,769	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.

6. Oil properties

The Company has working interests ("WI") in six producing wells in southeast Saskatchewan at Kingsford/Steelman.

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 September 30, 2014.

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

6. 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	-	-	-	-	-	253,305	253,305
Decommissioning change in estimate	-	-	-	-	-	-	-
At September 30, 2014	392,474	82,779	731,464	348,418	521,289	268,942	2,345,366
Depletion:							
At December 31, 2013	(250,037)	(54,530)	(464,242)	(225,462)	(329,495)	-	(1,323,766)
Charge for the period	(8,767)	(3,184)	(10,383)	(7,852)	(23,979)	(79,508)	(133,674)
At September 30, 2014	(258,804)	(57,714)	(474,625)	(233,314)	(353,474)	(79,508)	(1,457,440)
Impairment:							
At December 31, 2013	(117,521)	-	(184,908)	-	-	-	(302,429)
Charge for the period	-	-	-	-	-	-	-
At September 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 September 30, 2014	16,149	25,065	71,931	115,104	167,815	189,434	585,497

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

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

7. Accounts payables and accrued liabilities

	September 30, 2014 (\$)	December 31, 2013 (\$)
Trade payables	126,391	76,443
Accrued liabilities	33,000	23,000
	159,391	99,443

8. Decommissioning provisions

	September 30, 2014 (\$)	December 31, 2013 (\$)
Balance, beginning	123,190	143,036
Change in estimate	-	(22,421)
Accretion expense	2,559	2,575
Balance, end	125,749	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.

9. Related party transactions

The Company incurred the following transactions with related parties during the period.

	2014 (\$)	2013 (\$)
Director fees	18,000	18,000
Consulting fees to a corporation significantly influenced by a Director of the Company	118,098	12,600
Mineral royalties to a director of the Company	2,282	2,351
	138,380	32,951

Key management compensation

	2014 (\$)	2013 (\$)
Management fees to a corporation controlled by the CEO	18,000	18,000
Professional fees to a corporation controlled by the CFO	36,000	36,000
	54,000	54,000

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

9. Related party transactions (continued)

As at September 30, 2014, a total of \$780 (December 31, 2013 - \$174) was owing to a director of the Company for mineral royalties on the #4 well.

As at September 30, 2014, a total of \$5,790 (December 31, 2013 - \$nil) was owing to two directors of the Company for unpaid directors' fees.

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. There were no common shares issued during the nine month period ended September 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 nine month period ended September 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

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

10. Share capital (continued)

During the period ended September 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 September 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 nine month period ended September 30, 2014 or the year ended December 31, 2013.

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.

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

11. 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 September 30, 2014:

	Within one year	Between one and five years	More than five years
	(\$)	(\$)	(\$)
Accounts payables and accrued liabilities	159,391	-	-

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 September 30, 2014. A \$10 change in the price of oil would give rise to a gain/loss of approximately \$54,000.

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

11. 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:

	September 30, 2014 (\$)	December 31, 2013 (\$)
Loans and receivables:		
Cash and cash equivalents	68,002	50,129
Short-term investments	377,400	858,907
Reclamation bond	32,506	32,506
Accounts receivable and other receivables	72,368	34,388
	523,576	975,930

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

	September 30, 2014 (\$)	December 31, 2013 (\$)
Accounts payable and accrued liabilities	159,391	99,443

Fair value

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

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 six cash generating units.

Abenteuer Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

Nine Month Period Ended September 30, 2014

13. Expense by nature

General and administrative expense is comprised of the following:

	2014	2013
	(\$)	(\$)
Office rent	78,869	66,864
Director fees	18,000	18,000
Management fees	18,000	18,000
Professional and consulting fees	251,633	117,414
Property investigation	32,817	-
Stock-based compensation	41,373	-
Transfer and filing fees	11,605	12,493
Travel	66,817	28,794
Administrative and other	52,356	47,163
	571,470	308,728

Operating expense is comprised of the following:

	2014	2013
	(\$)	(\$)
Contract labour	44,868	47,339
Depletion (Note 6)	133,674	69,202
Accretion of decommissioning provision (Note 8)	2,559	1,931
Power	30,153	17,404
Transportation	26,565	23,775
Supplies and other	70,124	31,646
	307,943	191,297