

Abenteuer Resources Corp.

Condensed Interim Consolidated Financial Statements

Three Month Period Ended

March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

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 condensed 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 interim financial statements.

Abenteuer Resources Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	March 31, 2016 (\$)	December 31, 2015 (\$)
ASSETS			
Current assets			
Cash		149,069	152,896
Prepaid expenses		19,206	6,670
Accounts receivable and other receivables	3	27,087	36,813
		195,362	196,379
Reclamation deposits	4	33,058	33,058
Oil properties	5	425,515	440,311
		653,935	669,748
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	88,104	58,580
Decommissioning obligations	7	113,230	112,734
		201,334	171,314
Shareholders' equity			
Share capital	9	2,819,649	2,819,649
Reserves	9	360,306	360,306
Deficit		(2,727,354)	(2,681,521)
		452,601	498,434
		653,935	669,748

Nature of Operations and Going Concern (Note 1)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 19, 2016. They were signed on the Board's behalf by:

"David Parry"

David Parry - Director

"J. Lewis Dillman"

J. Lewis Dillman - Director

See accompanying notes to the condensed interim consolidated financial statements

Abenteuer Resources Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

		Three Month Period Ended March 31, 2016	Three Month Period Ended March 31, 2015
	Notes	(\$)	(\$)
REVENUE			
Oil sales		39,798	43,753
Royalty expense and freehold mineral tax		(3,646)	(4,211)
		<u>36,152</u>	<u>39,542</u>
EXPENSES			
General and administrative	12	42,149	104,890
Operating expenses	12	39,836	53,857
		<u>81,985</u>	<u>158,747</u>
OTHER ITEMS			
Interest income		-	700
		<u>-</u>	<u>700</u>
Net loss and comprehensive loss for the year		<u>(45,833)</u>	<u>(118,505)</u>
Basic and diluted loss per common share		<u>(0.00)</u>	<u>(0.01)</u>
Weighted average common shares outstanding			
Basic		18,278,266	18,278,266
Diluted		18,278,266	18,278,266

See accompanying notes to the condensed interim consolidated financial statements

Abenteuer Resources Corp.

Condensed 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 December 31, 2014		18,278,266	\$ 2,819,649	\$ 337,147	\$ 26,530	\$ 363,677	\$ (2,442,758)	\$ 740,568
Loss for the period		-	-	-	-	-	(118,505)	(118,505)
Balance at March 31, 2015		18,278,266	2,819,649	337,147	26,530	363,677	(2,561,263)	622,063
Stock options forfeited		-	-	(3,371)	-	(3,371)	3,371	-
Loss for the period		-	-	-	-	-	(123,629)	(123,629)
Balance at December 31, 2015		18,278,266	2,819,649	333,776	26,530	360,306	(2,681,521)	498,434
Loss for the period		-	-	-	-	-	(45,833)	(45,833)
Balance at March 31, 2016		18,278,266	2,819,649	333,776	26,530	360,306	(2,727,354)	452,601

See accompanying notes to the condensed interim consolidated financial statements

Abenteuer Resources Corp.

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

	Three Month Period Ended March 31, 2016	Three Month Period Ended March 31, 2015
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	(45,833)	(118,505)
Items not affecting cash:		
Accretion	496	484
Depletion	14,796	13,924
Interest income	-	(290)
Changes in non-cash working capital items:		
Decrease in receivables	9,726	21,203
Increase in prepaids	(12,536)	(15,667)
Increase in accounts payable and accrued liabilities	29,524	26,938
	(3,827)	(71,913)
INVESTING ACTIVITIES		
Redeem short-term investment	-	43,000
	-	43,000
Change in cash during the period	(3,827)	(28,913)
Cash - beginning of period	152,896	67,017
Cash - end of period	149,069	38,104

See accompanying notes to the condensed interim consolidated financial statements

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

1. Nature of Operations and Going Concern

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 condensed 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. The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for oil. Several adverse conditions and material uncertainties, including low oil prices, cast significant doubt upon the going concern assumption. The Company had cash of \$149,069, consolidated working capital of \$107,258, consolidated deficit of \$2,727,354 and losses of \$45,833 as at and for the three month period ended March 31, 2016.

The Company expects to incur further losses in the development of its business which casts substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon the acquisition and development of additional oil properties, and ultimately to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to maintain cash flows and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s condensed interim consolidated financial statements and such adjustments could be material.

2. Basis of Preparation

These condensed interim consolidated 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 condensed interim consolidated financial statements are based on IFRS effective for the period ended December 31, 2015, as issued and outstanding as of April 29, 2016, the date the Board of Directors approved the annual audited financial statements. The condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2015.

3. Accounts Receivable and Other Receivables

	March 31, 2016	December 31, 2015
	(\$)	(\$)
GST receivable	1,815	1,208
Trade receivables	25,727	35,605
	<u>27,087</u>	<u>36,813</u>

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

4. Reclamation Deposits

The Company has a reclamation bond having a value of \$33,508 (\$20,000 Well and \$13,058 Battery) that is held by the Saskatchewan Industry and Resources in the event that well King 03-27-004-07 W2 becomes orphaned. The bond earns interest at a rate of 1.95% per annum.

5. Oil Properties

The Company has working interests in six wells in southeastern Saskatchewan at Kingsford. All of the wells are horizontal wells (HZ), with the exception of Well #1.

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Company reviews each CGU for indicators of possible impairment at the end of each reporting period. During the three month period ended March 31, 2016, the Company has not identified any impairment indicators.

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

5. Oil Properties (continued)

2015	Well #1	Well #2	Well #3	Well #4	Well #5	Well #6	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cost:							
At December 31, 2015	391,794	82,959	729,680	346,184	508,592	249,378	2,308,497
Additions	-	-	-	-	-	-	-
Decommissioning change in estimate	-	-	-	-	-	-	-
At March 31, 2016	391,794	82,959	729,680	346,184	508,592	249,378	2,308,497
Depletion:							
At December 31, 2015	(264,508)	(60,784)	(475,831)	(242,151)	(366,748)	(100,337)	(1,510,359)
Charge for the period	(1,437)	(612)	-	(604)	(6,636)	(5,507)	(14,796)
At March 31, 2016	(265,945)	(61,396)	(475,831)	(242,755)	(373,384)	(105,844)	(1,525,155)
Impairment:							
At December 31, 2015	(103,978)	-	(253,849)	-	-	-	(357,827)
Charge for the period	-	-	-	-	-	-	-
At March 31, 2016	(103,978)	-	(253,849)	-	-	-	(357,827)
Net book value:							
At December 31, 2015	23,308	22,175	-	104,033	141,754	149,041	440,311
At March 31, 2016	21,871	21,563	-	103,429	135,118	143,534	425,515
2014	Well #1	Well #2	Well #3	Well #4	Well #5	Well #6	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cost:							
At December 31, 2014	391,618	82,728	729,680	347,266	507,233	250,898	2,309,423
Additions	-	-	-	-	-	-	-
Decommissioning change in estimate	176	231	-	(1,082)	1,269	(1,520)	(926)
At December 31, 2015	391,794	82,959	729,680	346,184	508,592	249,378	2,308,497
Depletion:							
At December 31, 2014	(258,860)	(58,009)	(475,810)	(234,585)	(354,282)	(76,016)	(1,457,562)
Charge for the period	(5,648)	(2,775)	(21)	(7,566)	(12,466)	(24,321)	(52,797)
At December 31, 2015	(264,508)	(60,784)	(475,831)	(242,151)	(366,748)	(100,337)	(1,510,359)
Impairment:							
At December 31, 2014	(103,978)	-	(232,913)	-	-	-	(336,891)
Charge for the period	-	-	(20,936)	-	-	-	(20,936)
At December 31, 2015	(103,978)	-	(253,849)	-	-	-	(357,827)
Net book value:							
At December 31, 2014	28,780	24,719	20,957	112,681	152,951	174,882	514,970
At December 31, 2015	23,308	22,175	-	104,033	141,754	149,041	440,311

Abenteuer Resources Corp.

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(Expressed in Canadian dollars)

(Unaudited)

6. Accounts Payables and Accrued Liabilities

	March 31, 2016	December 31, 2015
	(\$)	(\$)
Trade payables	38,076	9,223
Related party payables	35,622	23,857
Accrued liabilities	14,406	25,500
	<u>88,104</u>	<u>58,580</u>

7. Decommissioning Obligations

	March 31, 2016	December 31, 2015
	(\$)	(\$)
Balance, beginning	112,734	110,463
Change in estimate	-	337
Accretion expense	496	1,934
Balance, end	<u>113,230</u>	<u>112,734</u>

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 1.7% (December 31, 2015 – 1.7%). The estimated total future undiscounted cash flows to settle the asset retirement obligations are \$130,961 (December 31, 2015 - \$130,961) and are expected to be incurred over a period of approximately 17 years.

8. Related Party Transactions

The Company incurred the following transactions with directors and companies that are controlled or significantly influenced by Directors of the Company during the three month periods ended March 31, 2016 and 2015.

	2016	2015
	(\$)	(\$)
Director fees accrued to two independent directors of the Company	6,000	6,000
Mineral royalties paid or accrued to the Chief Executive Officer ("CEO") of the Company.	235	321
	<u>6,235</u>	<u>6,321</u>

Abenteuer Resources Corp.

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(Expressed in Canadian dollars)

(Unaudited)

8. Related Party Transactions (continued)***Key management compensation***

	2016	2015
	(\$)	(\$)
Management and director fees paid or accrued to the CEO or a corporation controlled by the CEO of the Company	3,000	6,000
Professional and director fees paid or accrued to the Chief Financial Officer (“CFO”) a corporation controlled by the CFO of the Company	9,000	12,000
	<u>12,000</u>	<u>18,000</u>

- a) As at March 31, 2016, a total of \$3,147 (December 31, 2015 - \$278) was included in accounts payable and accrued liabilities as owing to the CEO of the Company and a corporation controlled by the CEO for mineral royalties, director fees and reimbursable expenses.
- b) As at March 31, 2016, a total of \$3,000 (December 31, 2015 - \$Nil) was included in accounts payable and accrued liabilities as owing to the CFO of the Company for director fees.
- c) As at March 31, 2016, a total of \$29,474 (December 31, 2015 - \$23,579) was included in accounts payable and accrued liabilities as owing to two directors of the Company for director fees.

9. 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 three month period ended March 31, 2016 or the year ended December 31, 2015.

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.

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

9. Share Capital (continued)

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

There were no changes in stock options during the three month period ended March 31, 2016.

The following table summarizes the options outstanding as at March 31, 2016:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Time to Expiry
	(\$)		(Yrs)
April 7, 2019	0.10	675,000	3.02
November 24, 2016	0.20	1,150,000	0.65
Total	0.09	1,825,000	1.48

10. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. 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 accounts receivable and 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.

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

10. Financial Risk Management (continued)

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within 12 months.

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.

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 not have a material impact on the Company's net loss.

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 had no hedging contracts in place as at or during the three month period ended March 31, 2016. 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.

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. As at March 31, 2016 the Company had an equity balance of \$452,601.

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

10. Financial Risk Management (continued)

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 cash, short term investments, a reclamation bond, and accounts receivable. Financial liabilities included in the statement of financial position are accounts payable and accrued liabilities. The fair value of the Company's financial assets and liabilities approximates the carrying amount due to their short term to maturity.

11. Segmented Information

The Company operates in a single reportable operating segment – the acquisition, production, exploration and development of oil properties. The Company operates in one geographic segment located in Canada.

12. Expense by Nature

General and administrative expense for the three month periods ended March 31, 2016 and 2015 are comprised of the following:

	2016	2015
	(\$)	(\$)
Office rent	462	26,835
Director fees	12,000	6,000
Management fees	-	6,000
Professional and consulting fees	16,476	36,721
Transfer and filing fees	4,002	3,108
Travel	-	8,651
Administrative and other	9,209	23,575
	<u>42,149</u>	<u>104,890</u>

Abenteuer Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Month Period Ended March 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

12. Expense by Nature (continued)

Operating expense for the three month periods ended March 31, 2016 and 2015 are comprised of the following:

	2016	2015
	(\$)	(\$)
Personnel and labour	3,600	10,913
Depletion (Note 5)	14,796	13,923
Accretion of decommissioning obligation (Note 7)	496	484
Power	7,485	8,869
Trucking	5,043	5,295
Supplies and other	8,416	14,373
	<u>39,836</u>	<u>53,857</u>