



**BIG SKY PETROLEUM CORPORATION**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

*(Expressed in US Dollars)*

**(Unaudited – Prepared by Management)**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

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 an auditor has not reviewed the financial statements.

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

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

# BIG SKY PETROLEUM CORPORATION

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in US dollars)

		30-Sep	31-Dec
	Notes	2018	2017
		(Unaudited)	(Audited)
<b>Assets</b>			
Accounts receivable		\$ 1,911	\$ 703
Cash		63,387	11,260
Total current assets		65,298	11,963
<b>Total assets</b>		<b>\$ 65,298</b>	<b>\$ 11,963</b>
<b>Shareholders' Deficiency</b>			
Share capital	6	\$ 10,390,634	\$ 10,190,960
Reserves	6	1,528,424	1,314,622
Deficit		(11,979,933)	(11,915,345)
Total shareholders' deficiency		(60,875)	(409,763)
<b>Liabilities</b>			
Due to related parties	7	33,027	32,786
Accounts payable and accrued liabilities		93,146	388,940
Total current liabilities		126,173	421,726
<b>Total shareholders' deficiency and liabilities</b>		<b>\$ 65,298</b>	<b>\$ 11,963</b>

Events after the Reporting Period (Note 11)

These consolidated financial statements are authorized for issue by the Board of Directors on November 1, 2018.

They are signed on the Company's behalf by:

/s/Desmond M. Balakrishnan  
Director

/s/Mark T. Brown  
Director

See notes to condensed consolidated interim financial statements

# BIG SKY PETROLEUM CORPORATION

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in US dollars)

(Unaudited)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2018	2017	2018	2017
<b>General and administrative expenses</b>					
Accounting, audit and legal fees	8	\$ 17,376	\$ 11,972	\$ 40,426	\$ 34,610
Transfer agent, listing and filing fees		2,251	1,681	8,673	7,771
Stock Based Compensation		-	-	15,653	-
Office and administrative		28	13	71	92
		(19,655)	(13,666)	(64,823)	(42,473)
<b>Other items</b>					
Gain on sale of subsidiaries		-	591,780	-	591,780
Decommissioning expense recovery		-	5,865	-	-
Foreign exchange loss		-	(15,124)	-	(15,124)
Interest income		192	5	235	5
		192	582,525	235	576,660
<b>Net income (loss)</b>		(19,463)	568,859	(64,588)	534,187
Exchange differences on translation of foreign operations		(1,756)	-	17,173	(15,180)
<b>Total comprehensive income for the period</b>		\$ (21,219)	\$ 568,859	\$ (47,415)	\$ 519,007
Basic and diluted earnings per share from continuing operations		\$ (0.00)	\$ 0.23	\$ (0.02)	\$ 0.22
Weighted average number of common shares outstanding		7,538,176	2,427,067	4,112,048	2,427,067

See notes to condensed consolidated interim financial statements

# BIG SKY PETROLEUM CORPORATION

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in US dollars)

	Number of Shares	Share Capital	Reserves			Deficit	Total Shareholders' Deficiency
			Stock-based Compensation	Finder's Warrants	Foreign Currency Translation		
<b>Balance as at December 31, 2016</b>	2,427,067	\$10,190,960	\$ 398,347	\$ 686,976	\$ 244,795	\$ (12,439,621)	\$ (918,543)
Net income and comprehensive income for the period	-	-	-	-	(15,180)	534,187	519,007
<b>Balance as at September 30, 2017 (Unaudited)</b>	2,427,067	10,190,960	398,347	686,976	229,615	(11,905,434)	(399,536)
Net loss and comprehensive loss for the period	-	-	-	-	(316)	(9,911)	(10,227)
<b>Balance as at December 31, 2017</b>	<b>2,427,067</b>	<b>10,190,960</b>	<b>398,347</b>	<b>686,976</b>	<b>229,299</b>	<b>(11,915,345)</b>	<b>(409,763)</b>
Net loss and comprehensive loss for the period	-	-	-	-	17,173	(64,588)	(47,415)
Private Placement	9,999,997	199,674		180,976			380,650
Share based compensation	-	-	15,653		-	-	15,653
<b>Balance as at September 30, 2018 (Unaudited)</b>	<b>12,427,064</b>	<b>\$10,390,634</b>	<b>\$ 414,000</b>	<b>\$ 867,952</b>	<b>\$ 246,472</b>	<b>\$ (11,979,933)</b>	<b>\$ (60,875)</b>

See notes to condensed consolidated interim financial statements

# BIG SKY PETROLEUM CORPORATION

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30

(Expressed in US dollars)

(Unaudited)

	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss from continuing operations	\$ (64,588)	\$ 534,187
Items not involving cash:		
Gain on sale of subsidiaries		(591,780)
Stock based compensation	15,653	-
Changes in non-cash working capital items:		
Accounts receivable	(1,227)	(553)
Due to related parties	(89,432)	118,510
Decommissioning liabilities		-
Accounts payable and accrued liabilities	(194,498)	(7,057)
	(285,157)	110,900
Operating cash flows from continuing operations	(334,091)	53,307
<b>Net cash provided by (used in) operating activities</b>	(334,091)	53,307
<b>Financing Activities</b>		
Cash received from the sale of subsidiaries		11,318
Private Placement proceeds	380,650	-
Effects of exchange rate changes	5,567	(53,709)
<b>Change in cash</b>	52,127	10,916
<b>Cash, beginning of the period</b>	11,260	412
<b>Cash, end of the period</b>	\$ 63,387	\$ 11,328

See notes to condensed consolidated interim financial statements

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Big Sky Petroleum Corporation (the "Company") was incorporated under the *Canada Business Corporations Act* on February 3, 2006 and, effective July 6, 2009, changed its continuance out of the federal jurisdiction into the British Columbia jurisdiction under the *Business Corporations Act* (British Columbia). The Company traded under the symbol "BSP" on the TSX Venture Exchange (the "TSX-V" or "Exchange"). On May 26, 2016, the Company's shares began trading under the symbol "BSP.H" on the NEX Board of the Exchange. On August 13, 2018, the Company completed a five for two share consolidation (see Note 7(b)). All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

The Company is a junior oil and gas company and has its registered office at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. During the year ended December 31, 2017 the Company disposed of its oil and gas interests through the disposition of its wholly owned subsidiaries (note 4).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, there are several conditions that may cast significant doubt on the Company's ability to continue as a going concern, including that, to date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company reported a net loss of \$64,588 for the nine months ended September 30, 2018 (September 30, 2017 - \$534,187 gain) and had an accumulated deficit of \$11,979,933 (December 31, 2017 - \$11,915,345) and working capital deficiency of \$60,875 as at September 30, 2018 (December 31, 2017 - \$409,763). The Company has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that current market conditions may impact the ability to source such funds.



# **BIG SKY PETROLEUM CORPORATION**

## **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

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

#### **(b) Basis of preparation**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2017 consolidated annual financial statements.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2017. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### 4. SALE OF SUBSIDIARIES

On August 31, 2017, the Company completed the sale of all its wholly owned subsidiaries, along with their related assets and liabilities, to an arm's length private company for \$11,318 (Cdn\$14,000). As a result of the sale, the Company recognized a gain on sale of subsidiaries of \$591,780, which is comprised of the following:

- \$60,952 relating to foreign exchange loss on amounts due to parent company held in US dollars; and
- \$652,732 gain on sale of subsidiary arising from the derecognition of net liabilities of the subsidiaries of \$641,414 plus cash proceeds of \$11,318.

As the cash flows related to the operation of the subsidiaries are clearly distinguished, both operationally and geographically, for financial reporting purposes from the rest of the entity, the financial performance within the subsidiaries have been reclassified and presented separately as discontinued operations in the consolidated statements of comprehensive income and cash flows.

The reported net income (loss) from discontinued operations is comprised of the following:

	<u>2017</u>
Exploration and evaluation expenses	\$ -
Foreign exchange loss	(60,952)
Gain on sale of subsidiaries	652,732
<u>Net income from discontinued operations</u>	<u>\$ 591,780</u>

There were no income tax effects related to discontinued operations for the year ended December 31, 2017.

The reported cash flows from discontinued operations are as follows:

	<u>2017</u>
Cash provided by (used in) operating activities	
Net income from discontinued operations	\$ 591,780
Unrealized income on foreign exchange	60,952
Gain on sale of subsidiaries	(652,732)
<u>Operating cash flows from discontinued operations</u>	<u>\$ -</u>

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### 5. OIL AND NATURAL GAS PROPERTIES

#### Montana Projects

The Company had interests in separate land packages known as the Americana Acreage Block and the FX Block, collectively referred to as the Glacier Prospects. Effective February 2011, the Company signed a Joint Participation Agreement and Operating Agreement with FX Producing Company, Inc. and American Eagle Energy Inc. to explore in the Alberta Bakken region of Montana with an undivided 33.33% interest each. The Company wrote off all its capitalized cost related to the Montana Projects during fiscal 2014.

On April 30, 2013, Big Sky and its two joint Participation Agreement partners signed a Purchase and Sale Agreement with American Midwest Oil and Gas to sell certain of its oil and gas leasehold interests in Toole County, Montana, for a total purchase price of \$642,292, of which the Company had a one-third interest. As at December 31, 2016, the Company owed \$312,764 to its Joint Participation Agreement partners for the sale.

During the year ended December 31, 2017, the \$312,764 amount due to Joint Participation Agreement Partners was recovered through the sale of the Company's subsidiaries and was recorded as part of the net income from discontinued operations (Note 4).

#### Texas Project

On November 28, 2012, the Company announced it entered the prolific Wolfcamp/Wolfberry play developing in the southern Midland Basin portion of the Permian Basin located in west Texas. The Company acquired a 90% working interest in the property on the eastern shelf of the southern Midland Basin. The Company wrote-off all its capitalized cost related to the Texas project in fiscal 2015.

The Company had a reclamation bond of \$25,000 as of December 31, 2016. During the year ended December 31, 2017, the \$25,000 reclamation bond was determined to be unrecoverable and was written-off as part of the net income from discontinued operations (Note 4).

### 6. DECOMMISSIONING LIABILITIES

Balance, December 31, 2016	\$	50,000
Recovery due to sale of subsidiaries		(50,000)
Balance, December 31, 2017 and September 30, 2018	\$	-

The Company's provision for decommissioning liabilities in the prior year consisted of remediation obligations resulting from its ownership interests in oil assets. The total obligation is estimated based on the Company's net ownership interest in each well site, estimated costs to return these sites to their original condition and costs to plug the wells and the estimated timing of the costs to be incurred in future years.

As of December 31, 2016, the decommissioning liabilities were \$50,000. Management determined the reclamation work would be completed in 2017. The \$50,000 decommissioning liability was recovered through the sale of the subsidiaries and was recorded as part of the net income from discontinued operations (Note 4).

# **BIG SKY PETROLEUM CORPORATION**

## **NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### **7. SHARE CAPITAL AND RESERVES**

#### **(a) Authorized**

The Company has authorized share capital of an unlimited number of common shares without par value.

#### **(b) Issued and outstanding**

During the nine months ended September 30, 2018, the Company has arranged a share consolidation on a two-new-for-five-old basis. The Company has also completed a Cdn\$500,000 private placement of 25,000,000 special warrants at a price of Cdn\$0.02 per special warrant (pre-consolidation).

Upon closing of the financing, each special warrant was automatically converted to 0.4 of one unit at a deemed value of Cdn\$0.05 per unit. Each unit consists of one post-consolidation common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a post-consolidation share at a price of Cdn\$0.05 per share for a period of 12 months from the date of issuance.

For greater certainty, the offering was 25 million special warrants at Cdn\$0.02 per special warrant on a pre-consolidation basis (or 9,999,997 million units at Cdn\$0.05 per unit on a post-consolidation basis) for gross proceeds of up to Cdn\$500,000.

#### **(c) Stock options**

The Company has established a stock option plan that is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees, agents and consultants. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the total number of issued and outstanding shares. All options granted to date, vested immediately upon granting.

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

### 7. SHARE CAPITAL AND RESERVES (Continued)

Stock option transaction and the number of stock options are summarized as follows:

Expiry date	Exercise	December 31,		December 31,		September 30,	
	Price (\$CDN)	2016	Expired/ Cancelled	2017	Expired/ Cancelled	Granted	2018
November 29, 2017	\$ 3.00	3,200	(3,200)	-	-	-	-
January 7, 2018	\$ 3.00	4,000	-	4,000	(4,000)	-	-
June 22, 2023	\$ 0.088	-	-	-	-	240,000	240,000
Options outstanding and exercisable		7,200	(3,200)	4,000	(4,000)	240,000	240,000
Weighted average exercise price (\$CDN)	\$	3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 0.088	\$ 0.088

As at September 30, 2018 the weighted average remaining contractual life of the stock options was 4.73 (2017 – 0.22) years. The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

	2018
Risk-free interest rate	1.94%
Annualized volatility	236%
Expected dividend yield	Nil
Expected option life in years	5

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

### 7. SHARE CAPITAL AND RESERVES (Continued)

#### (d) Warrants

Warrant transactions are summarized below:

Expiry date	Exercise price (\$CDN)	December 31, 2016	Issued	Expired	December 31, 2017	Issued	Expired	September 30, 2018
August 13, 2018	\$ 0.05	-	-	-	-	9,999,997	-	9,999,997
Warrants outstanding		-	-	-	-	-	-	9,999,997
Weighted average exercise price (\$CDN)		-	-	-	-	-	-	\$ 0.05

As at September 30, 2018 there were 9,999,997 warrants outstanding and exercisable at Cdn\$0.05 until August 13, 2019. The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants using the following assumptions:

	2018
Risk-free interest rate	2.08%
Annualized volatility	273%
Expected dividend yield	Nil
Expected option life in years	1

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

<b>For the nine months ended September 30, 2018</b>	Short-term benefits	Share-based Payments	Total
Companies controlled by Chief Executive Officer, President and a Director *	\$ 9,731	\$ -	\$ 9,731
<b>Total</b>	<b>\$ 9,731</b>	<b>\$ -</b>	<b>\$ 9,731</b>

<b>For the nine months ended September 30, 2017</b>	Short-term benefits	Share-based Payments	Total
Companies controlled by Chief Executive Officer, President and a Director *	\$ 22,488	\$ -	\$ 22,488
<b>Total</b>	<b>\$ 22,488</b>	<b>\$ -</b>	<b>\$ 22,488</b>

\* Included in accounting fees in the consolidated statements of comprehensive income.

<b>Due to related parties</b>	Services for	September 30, 2018	December 31, 2017
Company controlled by Chief Executive Officer, President and a Director <sup>(a)</sup>	Rent, accounting and financial services; loan	\$ 1,448	\$ 1,684
Company controlled by a director	Legal	23,854	23,158
Director	Loan	7,725	7,944
<b>Total</b>		<b>\$ 33,027</b>	<b>\$ 32,786</b>

(a) In October 2017, the related party entered into two assignment agreements to assign Cdn\$441,462 debt receivable from the Company to an arm's length party.

Amounts due to related parties have no specific terms of repayment and are non-interest-bearing.

# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

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### 9. FINANCIAL INSTRUMENTS

The fair values of the Company's accounts receivable (net of Goods and Services Tax ("GST") receivable), and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments. The Company's cash is valued based on quoted market prices.

Amounts due to related parties approximate their fair value, as they are due on demand.

The Company's financial instruments are exposed to certain financial risks, including foreign currency risk, credit risk, liquidity risk and interest risk.

#### (a) Foreign currency risk

The Company is affected by changes in exchange rates between the Canadian dollar and US dollar, which may adversely affect the Company's financial position, results of operations and cash flows. The Company has net monetary liabilities of approximately Cdn\$79,000 (December 31, 2017 - Cdn\$530,000). A 6% change in the absolute rate of exchange in US dollars would affect its net income by \$4,740 (December 31, 2017 - \$31,800).

#### (b) Credit risk

The Company's cash is held in a Canadian financial institution. Credit risk is managed by using major banks that are high credit quality financial institutions as determined by ratings agencies. The Company's accounts receivable (net of GST receivable) is nominal.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities and amounts due to related parties are due within twelve months of the statement of financial position date.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. The Company is not exposed to significant interest rate risk.



# BIG SKY PETROLEUM CORPORATION

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in US dollars, unless otherwise indicated)

(Unaudited)

### 9. FINANCIAL INSTRUMENTS (Continued)

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

September 30, 2018		Level 1		Level 2		Level 3		Total
Cash	\$	63,387	\$	-	\$	-	\$	63,387

  

December 31, 2017		Level 1		Level 2		Level 3		Total
Cash	\$	11,260	\$	-	\$	-	\$	11,260

### 10. MANAGEMENT OF CAPITAL RISK

The Company's capital is comprised of amounts in shareholders' deficiency. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2018 and the Company is not subject to any externally imposed capital requirements.

### 11. EVENT AFTER THE REPORTING PERIOD

Subsequent to September 30, 2018 period end, the Company announced its intention to complete a private placement of units at a price of Cdn\$0.075 per unit for total aggregate proceeds of up to Cnd\$592,000. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at an exercise price of Cdn\$0.15 per share at any time on or before the date that is 12 months from the date of issuance of the share purchase warrant. The proceeds of the financing will be used by the Company to pay off debt and liabilities, and provide the Company with additional working capital.