LOON ENERGY CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
US$
(unaudited)

NOTIFICATION OF CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed unaudited consolidated interim financial statements for the three month period ended March 31, 2015.

Loon Energy Corporation
Condensed Consolidated Interim Statements of Financial Position
US$
(unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current		
Cash and cash equivalents	$ 14,719	$ 58,124
Accounts receivable	32,592	9,209
	47,311	67,333
Property and equipment	1	1
Total Assets	$ 47,312	$ 67,334
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 445,536	$ 461,648
Notes payable (Note 3)	61,743	50,132
	507,279	511,780
Decommissioning provision	210,587	209,572
	717,866	721,352
Shareholders' Deficiency		
Share capital (Note 4)	16,570,265	16,570,265
Contributed surplus	2,360,566	2,360,566
Deficit	(19,601,385)	(19,584,849)
	(670,554)	(654,018)
Total Liabilities and Shareholders' Deficiency	$ 47,312	$ 67,334

Going Concern (Note 2(b))

See accompanying notes to the condensed consolidated interim financial statements.

Loon Energy Corporation
Condensed Consolidated Interim Statements of Changes in Equity
US$
(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balances, December 31, 2013	19,494,136	$16,570,265	$2,358,722	($19,351,694)	($422,707)
Net loss and comprehensive loss	-	-	-	(27,424)	(27,424)
Stock based compensation (Note 5)	-	-	685	-	685
Balances, March 31, 2014	19,494,136	$16,570,265	$2,359,407	($19,379,118)	($449,446)
Balances, December 31, 2014	19,949,136	$16,570,265	$2,360,566	($19,584,849)	($654,018)
Net loss and comprehensive loss	-	-	-	(16,536)	(16,536)
Balances, March 31, 2015	19,949,136	$16,570,265	$2,360,566	($19,601,385)	($670,554)

See accompanying notes to the condensed consolidated interim financial statements.

Loon Energy Corporation
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
US$
(unaudited)

	Three months ended March 31, 2015	2014
Expenses:		
General and administrative	$ (15,796)	$ (26,492)
Stock based compensation (Note 5)	-	(685)
	(15,796)	(27,177)
Finance costs:		
Accretion	(1,015)	(732)
Interest expense (Note 3)	(1,611)	-
Foreign exchange gain	1,886	485
	(740)	(247)
Net loss and comprehensive loss	$ (16,536)	$ (27,424)
Net loss per share (basic and diluted)	$ (0.00)	$ (0.00)

See accompanying notes to the condensed consolidated interim financial statements.

Loon Energy Corporation
Condensed Consolidated Interim Statements of Cash Flows
US$
(unaudited)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Operating activities		
Net loss	$ (16,536)	$ (27,424)
Items not involving cash:		
Accretion	1,015	732
Stock based compensation (Note 5)	-	685
Interest expense (Note 3)	1,611	-
Unrealized foreign exchange gain	(1,856)	(137)
	(15,766)	(26,144)
Changes in non-cash working capital	(37,609)	(75,072)
	(53,375)	(101,216)
Financing		
Issuance of note payable (Note 3)	10,000	-
Investing		
Restricted Cash	-	100,000
Effect of exchange rate changes on cash and cash equivalents	(30)	(348)
Change in cash and cash equivalents	(43,405)	(1,564)
Cash and cash equivalents, beginning of period	58,124	99,916
Cash and cash equivalents, end of period	**$ 14,719**	**$ 98,352**

See accompanying notes to the condensed consolidated interim financial statements.

1. Reporting Entity

Loon Energy Corporation ("**Loon**" or the "**Company**") was incorporated pursuant to the provisions of the Business Corporation Act (Alberta) on October 30, 2008 in conjunction with the reorganization by legal plan of arrangement of Loon Energy Inc. ("**Loon Energy**"). The reorganization of Loon Energy resulted in the Company receiving the net assets associated with resource properties located in Colombia and Peru. Upon implementation of the re-organization, Loon Energy's name was changed to Kulczyk Oil Ventures Inc. ("**Kulczyk Oil**"). Effective June 24, 2013, Kulczyk Oil changed its name to Serinus Energy Inc. ("**Serinus**").

Loon is domiciled in Canada and the address of its registered head office is 1500, 700 - 4th Avenue SW, Calgary, Alberta.

2. Basis of Preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements.

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended December 31, 2014, except as described in note 2(c). The disclosures provided herein are incremental to those included within the annual financial statements and certain disclosures which are normally required to be included in the notes to the annual financial statements have been condensed or omitted. These condensed interim financial statements should be read in conjunction with the financial statements and notes thereto in the Company's annual filings for the year ended December 31, 2014.

These consolidated financial statements were approved by the Company's Board of Directors on May 28, 2015.

(b) Going concern

The Company is an oil and gas exploration and development company formerly active in Colombia, Peru and Guatemala. The Company's sole remaining property is in Colombia, which has no proved reserves and does not generate positive net production revenue. Loon's present activities consist primarily of complying with the many legal and regulatory requirements to wind-up its activities in Colombia, Peru and Guatemala.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. To date, the Company's exploration and development operations and activities have been financed by way of equity issuances, debt facilities and by farm-out arrangements with third parties who pay for all or a portion of the Company's expenditures to earn a portion of the Company's ownership interests. In Q4 2014 and Q1 2015, the Chairman of the Company's Board of Directors advanced cash to fund Loon's activities. As at March 31, 2015, the Company carried an interest bearing, demand note payable to Timothy Elliott, Chairman of the Board of Loon, in the amount of $60,000 plus accrued interest of $1,743.

Subsequent to March 31, 2015, Jock Graham, member of the Board of Directors of Loon, loaned the Company $20,000 under the same terms provided to Timothy Elliott. Timothy Elliott also loaned the Company an additional $70,000 under the same terms.

As at March 31, 2015 the Company had a working capital deficiency of $459,968. The Company continues to look at opportunities for growth and the need to raise capital to fund the working capital deficiency, ongoing operations, and to fund additional business opportunities creates significant doubt as to the Company's ability to continue as a going concern. There are no guarantees that additional capital, either through additional equity, debt or other arrangements will be available when needed. The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

(c) Adoption of new accounting pronouncements

For the three months ended March 31, 2015, the Company did not adopt any new IFRS standards nor were any applicable pronouncements announced. Refer to note 4 to the consolidated financial statements for the year ended December 31, 2014 for pronouncements not yet adopted.

(d) Use of estimates and judgements

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are described in note 2 to the consolidated financial statements for the year ended December 31, 2014.

3. Note Payable

	As at March 31, 2015	As at December 31, 2014
Balance outstanding beginning of period	$ 50,132	$ -
Issuance of note payable	10,000	50,000
Interest accrued in the period	1,611	132
Balance outstanding end of period	$ 61,743	$ 50,132

In February 2015, the Company entered into a note payable agreement with the Chairman of its Board of Directors to borrow an additional $10,000 (2014 - $50,000). The note payable is due on demand with interest calculated at a rate of 12% per annum.

Subsequent to March 31, 2015, Jock Graham, member of the Board of Loon, loaned the Company $20,000 under the same terms provided to Timothy Elliott. Timothy Elliott also loaned the Company an additional $70,000 under the same terms.

4. Share Capital

(a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

	Number of Shares	Carrying amount
Balance, December 31, 2014 and March 31, 2015	19,949,136	$ 16,570,265

(b) Per share amounts

The following table summarized the weighted average common shares used in calculating the net loss per share.

	Three months ended March 31, 2015	2014
Weighted average number of shares outstanding	19,949,136	19,949,136

(c) Stock Options

The following table summarizes information about the options outstanding as at March 31, 2015 and December 31, 2014:

	Options Outstanding		Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance outstanding, December 31, 2014	688,500	$	0.13	1.9
Balance outstanding, March 31, 2015	688,500	$	0.13	1.7
Exercisable at March 31, 2015	688,500	$	0.13	1.7

Share purchase options have a term of five years and vest annually with one third vesting immediately and one third vesting on each of the first and second anniversaries of the grant date.

5. Stock Based Compensation

During the third quarter of 2014, the issued and outstanding share purchase options fully vested. As a result, for the three months ended March 31, 2015, the Company recorded $nil (2014 - $685) of stock based compensation expense arising from the prior issuance of share purchase options.

6. Related Party Transactions

The Company has no employees, and management and administrative services are provided by the management and staff of Serinus pursuant to a services agreement. Administrative costs incurred by Serinus for the benefit of the Company are charged to the Company based on specific identification and an allocation of administrative costs that relate to both Serinus and the Company. For the three months ended March 31, 2015, these fees totaled $2,400 (2014 - $2,714). At March 31, 2015, the Company owed $nil (December 31, 2014: $nil) to Serinus for these services. Serinus and the Company are related as they have five common directors and officers and the same principal shareholder.

As at March 31, 2015, the Company had a note payable to Timothy Elliott, Chairman of the Board of Directors of Loon Energy, in the amount of $60,000 plus $1,743 of accrued interest. The note payable is due on demand with interest calculated at a rate of 12% per annum. Subsequent to March 31, 2015, Jock Graham, member of the Board of Directors of Loon, loaned the Company $20,000 under the same terms provided to Timothy Elliott. Timothy Elliott also loaned the Company an additional $70,000 under the same terms.

Serinus remains legally responsible for a guarantee issued in August 2007 ("**the Loon Peru Guarantee**") to the Government of Peru regarding the granting of the Block 127 license contract to Loon Peru Limited, a wholly-owned subsidiary of the Company. The block to which the guarantee is related has been relinquished and it is not currently anticipated that the guarantee will be replaced. The Company has entered into an indemnification agreement with Serinus in respect of the Loon Peru Guarantee which will be formally terminated once confirmation has been received from Peruvian authorities that the guarantee has been terminated.

Loon Energy Corporation
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2015 and 2014
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7. Segmented Information

As at March 31, 2015	**Colombia**	**Peru**	**Guatemala**	**Corporate**	**Total**
Total assets, at period end	$ 16,005	$ -	$ 8,268	$ 23,039	$ 47,312
For the period ended March 31, 2015					
General and administrative	$ (6,753)	$ -	$ 7,510	$ 15,039	$ 15,796
Stock based compensation	-	-	-	-	-
Accretion	1,015	-	-	-	1,015
Interest expense	-	-	-	1,611	1,611
Foreign exchange gain	-	-	-	(1,886)	(1,886)
Net earnings (loss)	$ (5,738)	$ -	$ 7,510	$ 14,764	$ 16,536

As at December 31, 2014	**Colombia**	**Peru**	**Guatemala**	**Corporate**	**Total**
Total assets, at period end	$ 4,545	$ -	$ 1,736	$ 61,053	$ 67,334
For the period ended March 31, 2014					
General and administrative	$ 8,390	$ 5,818	$ 2,848	$ 9,436	$ 26,492
Stock based compensation	-	-	-	685	685
Accretion	732	-	-	-	732
Foreign exchange loss (gain)	-	36	-	(521)	(485)
Net loss	$ 9,122	$ 5,854	$ 2,848	$ 9,600	$ 27,424