# SUPER NOVA PETROLEUM CORP.

## CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED**
**August 31, 2017**
**(Unaudited)**

*(Expressed in Canadian Dollars)*

## NOTICE OF NO AUDITORS' REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated 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.

SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Financial Position (unaudited)
[Expressed in Canadian dollars]

| | Note | **August 31 2017** | May 31 2017 |
|---|---|---|---|
| **ASSETS** | | **$** | $ |
| **Current assets** | | | |
| Cash | | **46,904** | 2,324 |
| Receivables and prepayments | | **417** | 133 |
| Total assets | | **47,321** | 2,457 |
| **LIABILITIES** | | | |
| Provision for indemnity | 7 | **32,219** | 32,219 |
| Accounts payable and accrued liabilities | | **301,794** | 328,279 |
| Short term loan | 5 | **18,000** | 18,000 |
| Due to related parties | 5 | **60,938** | 178,129 |
| | | **412,951** | 556,627 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Share capital | 4 | **3,068,325** | 2,993,325 |
| Special warrants | 4 | **1,231,680** | 1,038,449 |
| Reserves | 4 | **218,951** | 218,951 |
| Deficit | | **(4,884,586)** | (4,804,895) |
| | | **(365,630)** | (554,170) |
| Total liabilities and shareholders' deficiency | | **47,321** | 2,457 |

Nature and continuance of operations (Note 1)
Events subsequent to the reporting period (Note 10)

Approved and authorized for issue by the board of directors on October 13, 2017 and signed on its behalf by:

| | |
|---|---|
| */s/ Wolf Wiese* | */s/ Dieter Benz* |
| Wolf Wiese, Director | Dieter Benz, Director |

(The accompanying notes are an integral part of these financial statements.)

SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Loss and Comprehensive Loss (unaudited)
[Expressed in Canadian dollars]

| | | Three months ended August 31 | |
|---|---|---|---|
| | **Note** | **2017** | 2016 |
| **General and administration expenses** | | **$** | $ |
| Administrative fees | 5 | **47,559** | 31,045 |
| Consulting fees | | **10,500** | 7,500 |
| Filing fees and regulatory fees | | **1,886** | 2,399 |
| Office | | **259** | 7,412 |
| Professional fees | | **-** | 22,738 |
| Rent | | **4,569** | 3,376 |
| | | **64,773** | 74,470 |
| **Other item** | | | |
| Loss on settlement of debt | 4 | **14,918** | - |
| Loss and comprehensive loss | | **79,691** | 74,470 |
| Loss per share, basic and diluted | | **$ 0.02** | $ 0.02 |
| Weighted average number of shares outstanding - basic and diluted | | **5,286,828** | 4,813,710 |

(The accompanying notes are an integral part of these financial statements.)

SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Changes in Shareholders' Deficiency (unaudited)
[Expressed in Canadian dollars]

| | Number of Shares | Share Capital (Amount) | Number of Special Warrants | Special Warrants (Amount) | Reserves | Deficit | Total |
|---|---|---|---|---|---|---|---|
| Balance, May 31, 2016 | 4,813,710 | $ 2,993,325 | - | $ - | $ 218,951 | $ (4,127,487) | $ (915,211) |
| Loss for the period | - | - | - | - | - | (74,470) | (74,470) |
| **Balance, August 31, 2016** | **4,813,710** | **2,993,325** | **-** | **-** | **218,951** | **(4,201,957)** | **(989,681)** |
| Balance, May 31, 2017 | 4,813,710 | 2,993,325 | 13,399,333 | 1,038,449 | 218,951 | (4,804,895) | (554,170) |
| Private Placements | 1,000,000 | 75,000 | - | - | - | - | 75,000 |
| Special warrants issued (Note 4) | - | - | 2,377,505 | 193,231 | - | - | 193,231 |
| Loss for the period | - | - | - | - | - | (79,691) | (79,691) |
| **Balance, August 31, 2017** | **5,813,710** | **$ 3,068,325** | **15,776,838** | **$ 1,231,680** | **$ 218,951** | **$ (4,884,586)** | **$ (365,630)** |

(The accompanying notes are an integral part of these financial statements.)

SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Cash Flows (unaudited)
[Expressed in Canadian dollars]

| | Three months ended August 31, 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the period | **$ (79,691)** | $ (74,470) |
| Item not affecting cash: | | |
| Loss on settlement of debt | **14,918** | - |
| Changes in non-cash working capital items: | | |
| Change in receivables and prepayments | **(284)** | 5,530 |
| Change in accounts payable and accrued liabilities | **(26,485)** | 21,065 |
| Change in due to related parties | **52,938** | 47,505 |
| **Net cash flows used in operating activities** | **(38,604)** | (370) |
| **Cash flows from financing activities** | | |
| Proceeds from the issuance of shares | **75,000** | - |
| Due to related parties | **8,184** | 1,475 |
| **Net cash flows from financing activities** | **83,184** | 1,475 |
| **Net increase in cash** | **44,580** | 1,105 |
| Cash, beginning of the period | **2,324** | 2,615 |
| **Cash, ending of the period** | **$ 46,904** | $ 3,720 |

Supplemental disclosure with respect to cash flow (Note 8)

(The accompanying notes are an integral part of these financial statements.)

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Super Nova Petroleum Corp., (the "Company") was incorporated on November 13, 2002, under the *Company Act of British Columbia*. The current corporate and registered and records office of the Company are located at Suite 318, 1189 West Pender Street, Vancouver, British Columbia, V6E 2R1. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SNP."

During the year ended May 31, 2015, the Company wrote off the value of its exploration property as the Company made the decision to significantly reduce future exploration expenditures on the property due to the economic downturn in the mining industry. Currently, the Company is seeking new investment opportunities that will provide value to its shareholders.

a) **Statement of Compliance**

These unaudited condensed interim consolidated financial statements ("Financial Statements") have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and therefore, these Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2017.

b) **Basis of Measurement**

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

c) **Going Concern**

The Company's ability to continue operations as intended is dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. However, management believes that the Company has sufficient working capital to meet its projected minimum financial obligations for the next fiscal year.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited annual financial statements for the year ended May 31, 2017.

## 3. NEW ACCOUNTING STANDARDS

**Accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2017 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these financial statements.

a) IFRS 15 Revenue from Contracts with Customers

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard is effective for years beginning on or after January 1, 2018.

b) IFRS 9, Financial Instruments

The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets – fair value through other comprehensive income; and (ii) a single, forward-looking "expected loss" impairment model. The standard is mandatory for years beginning on or after January 1, 2018.

d) IFRS 16, Leases

The new standard on leases supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

## 4. SHARE CAPITAL

Authorized - unlimited number of common shares without par value.

**Share issuances**

During the three months ended August 31, 2017:

In July 2017, the Company completed a private placement through the issuance of 1,000,000 shares at $0.075 per unit for total proceeds of $75,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of two years from the date of issuance.

There were no share issuances during the year ended May 31, 2017.

**Special warrants**

During the three months ended August 31, 2017:

In July 2017, the Company issued 2,377,505 special warrants to settle debts of $178,313; 1,674,301 special warrants were issued to Golden Dawn Minerals Inc. ("GOM") for $125,573 and 703,204 special warrants were issued to a company controlled by the CEO for $52,740.

Expressed in Canadian Dollars, unless otherwise stated

**4. SHARE CAPITAL** (cont'd…)

**Special warrants** (cont'd…)

Each warrant will automatically convert on the earlier of i) the second anniversary of the date of the issuance of the special warrants, and ii) the closing of a significant transaction involving the Company. At conversion, each special warrant shall convert into a unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at $0.10 per share for a period of two years from conversion. The special warrants were valued at $0.081 per special warrant for a total value of $193,231; $0.075 for the underlying common share and $0.006 for the underlying warrant (calculated using the Black-Scholes model). A $14,918 loss on settlement of debt was recorded in the current period related to the issuance of the special warrants and settlement of debts noted above.

The fair value of the warrants was determined using the following assumptions:

| Weighted average assumptions | At issuance July 5, 2017 |
|---|---|
| Risk free interest rate | 1.13% |
| Volatility | 125% |
| Expected life of warrants | 2 years |
| Dividend rate | 0% |
| Liquidity discount | 90% |

During the year ended May 31, 2017:

In October 2016, the Company issued 13,399,333 special warrants to settle debts of $669,967, of which 9,799,333 special warrants were issued to GOM for $489,967; 2,550,000 special warrants were issued to a company controlled by the CEO for $127,500; and 525,000 special warrants were issued to a company controlled by the CFO for $26,250.

Each warrant will automatically convert on the earlier of i) the second anniversary of the date of the issuance of the special warrants, and ii) the closing of a significant transaction involving the Company. At conversion, each special warrant will convert into a unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at $0.075 per share for a period of two years from conversion. The special warrants were valued at $0.0775 per special warrant for a total value of $1,038,449; $0.05 for the underlying common share and $0.0275 for the underlying warrant (calculated using the Black-Scholes model). A $368,482 loss on settlement of debt was recorded in the current period related to the issuance of the special warrants and settlement of debts noted above.

The fair value of the warrants was determined using the following assumptions:

| Weighted average assumptions | At year ended May 31, 2017 |
|---|---|
| Risk free interest rate | 1.2% |
| Volatility | 125% |
| Expected life of warrants | 2 years |
| Dividend rate | 0% |
| Liquidity discount | 90% |

**Expressed in Canadian Dollars, unless otherwise stated**

## 4. SHARE CAPITAL (cont'd…)

### Stock options

The Company grants stock options to employees, directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 10% of the number of issued and outstanding common shares of the Company at the time of granting of options.

There were no stock options granted during the three months ended August 31, 2017 or the year ended May 31, 2017.

The following table summarizes stock option activity:

| | Number of options | Weighted average price |
|---|---|---|
| Balance at May 31, 2016 | 255,000 | $ 0.70 |
| Cancelled | (192,500) | (0.70) |
| Balance at May 31, 2017, and August 31, 2017 | 62,500 | $ 0.70 |

Information regarding stock options outstanding as at August 31, 2017 is as follows:

| Number of options outstanding and exercisable | Exercise price | Expiry date |
|---|---|---|
| 62,500 | $ 0.70 | February 7, 2019 |

### Share purchase warrants

The following table summarizes the warrant activity:

| | Number of warrants | Weighted average price |
|---|---|---|
| Balance at May 31, 2016 | 1,596,744 | $ 1.20 |
| Expired | (640,997) | (1.21) |
| Balance at May 31, 2017 | 955,747 | $ 1.67 |
| Issued | 1,000,000 | 0.10 |
| Expired | (704,100) | (1.82) |
| Balance at August 31, 2017 | 1,251,647 | $ 0.33 |

**Expressed in Canadian Dollars, unless otherwise stated**

## 4. SHARE CAPITAL (cont'd…)

**Share purchase warrants**

Information regarding share purchase warrants outstanding at August 31, 2017 is as follows:

| Number of warrants outstanding and exercisable | Exercise price | Expiry date |
|---|---|---|
| 179,147 | 1.25 | September 17, 2017* |
| 72,500 | 1.25 | November 12, 2017 |
| 1,000,000 | 0.10 | July 19, 2019 |
| **1,251,647** | | |

* Expired subsequent to the period ended August 31, 2017.

## 5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three months ended August 31, 2017:

a) $15,000 (2016 - $15,000) of management fees were accrued in administration expenses to a company controlled by the CEO. In July 2017, the Company issued 703,204 special warrants to settle debts of $52,740 (Note 4). As at August 31, 2017, $15,000 (May 31, 2017 - $52,740) was payable to the company.

b) Golden Dawn Minerals Inc. ("GOM"), a publicly traded company with common directors and officers of the Company, provides office space and administration services to the Company. During the three months ended August 31, 2017, the Company incurred $37,938 (2016 - $32,505) payable to GOM for its services provided. GOM also advanced cash, net of repayments, during the period on behalf of the Company totalling $8,184 (2016 - $2,230). In July 2017, the Company issued 1,674,301 special warrants to settle debts of $125,573 (Note 4). As at August 31, 2017, a total of $45,938 (May 31, 2017 - $125,389) remained outstanding as due to GOM.

c) As of August 31, 2017, the Company has an $18,000 (2016 - $17,000) unsecured loan from a relative of an officer and director, which is payable on demand with a fixed rate of $1,000 in interest accruing annually.

d.) Except where noted above, accounts payable to related parties do not bear interest, are unsecured and are repayable on demand.

## 6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, short term loan, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of Goods and Services Tax ("GST") receivable from the Canadian government and are considered low risk.

## 6. FINANCIAL INSTRUMENTS (cont'd…)

*Currency risk*

The Company operates primarily in Canadian dollars. There is foreign exchange risk to the Company as some of its exploration and evaluation property interests and resulting commitments are located in the United States. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Interest rate risk*

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they would be held in large financial institutions.

*Fair value measurements of financial assets and liabilities*

Disclosure about significance of inputs used in making fair value measurements is as follows:

Level 1 – quoted prices 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.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of its receivables, due to related parties, short term loan and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

## 7. PROVISION FOR INDEMNITY

*Flow-Through Exploration Expenditures*

During the year ended May 31, 2013, the Company raised a total of $85,440 in flow-through funds, which the Company committed to use in exploration activities on its active projects. The Company allocated $14,240 of the proceeds to the flow through share premium liability and the remaining proceeds of $71,200 to share capital. As at May 31, 2014, the Company did not incur eligible exploration expenses which resulted in a penalty and accrued interest totaling approximately $32,219 recognised as indemnity expense in the statement of loss and compressive loss.

## 8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the three months ended August 31, 2017, the Company issued 2,377,505 special warrants to settle debts of $178,313, all of which were included in due to related parties.

There were no significant non-cash transactions during the three months ended August 31, 2016.

## 9. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended May 31, 2017. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

## 10. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

**Expiry of Warrants**
In September 2017, 179,147 warrants expired with an exercise price of $1.25.

## 10. EVENTS SUBSEQUENT TO THE REPORTING PERIOD (cont'd…)

**Letter of Intent ("LOI")**

On September 27, 2017, the Company entered into a Confidential Letter of Intent ("LOI") with Koios, LLC ("Koios"), a company incorporated under the laws of the State of Colorado. Koios is in the business of producing, marketing and selling functional beverages.

Pursuant to the LOI, the Company will acquire 100% of Koios by issuing 15,000,000 common shares (the "Payment Shares") to the securityholders of Koios (the "Transaction"). Upon the closing of the Transaction, Koios will become a wholly owned subsidiary of the Company. The Company intends to issue 1,500,000 finders' shares in relation to the Transaction.

The Payment Shares will be deposited into escrow at the closing. 25% of the Payment Shares will be released on the first anniversary of the closing and 25% every three months thereafter, in three tranches.

Concurrent with the Transaction, the Company intends to complete a financing with minimum gross proceeds of $2,000,000 at a price not less than $0.20 per share.

The Company will make a secured bridge loan of $75,000 to Koios. The bridge loan will mature in 6 months with an interest rate of 12% per annum. The loan shall be made within 30 days after the execution of the LOI.

This Transaction is subject to various conditions and to regulatory approval.