

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-55539

PARK PLACE ENERGY INC.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-4488552

(I.R.S. Employer
Identification No.)

**Suite 700, 838 West Hastings Street, Vancouver
British Columbia, Canada**

(Address of principal executive offices)

V6C 0A6

(Zip Code)

778-819-8503

Registrant's telephone number, including area code

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: The registrant had 71,634,965 shares of common stock outstanding as of September 4, 2018.

PARK PLACE ENERGY INC.

Form 10-Q

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PART I

Item 1. Financial Statements

PARK PLACE ENERGY INC.

Consolidated Balance Sheets

	<u>June 30, 2018</u> (unaudited)	<u>December 31, 2017</u>
ASSETS		
Current assets:		
Cash	\$ 231,451	\$ 130,476
Receivables	1,114,301	600,312
Prepaid expenses and deposits	115,085	316,694
Total current assets	<u>1,460,837</u>	<u>1,047,482</u>
Oil and gas properties, net	6,962,825	5,723,394
Property and equipment, net	158,540	97,777
Restricted cash	122,823	127,688
Note receivable	47,665	46,109
Total assets	<u>\$ 8,752,690</u>	<u>\$ 7,042,450</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,453,380	\$ 1,584,050
Loans payable	630,826	965,287
Total current liabilities	<u>2,084,206</u>	<u>2,549,337</u>
Asset retirement obligation	3,832,128	2,527,259
Total liabilities	<u>5,916,334</u>	<u>5,076,596</u>
Stockholders' equity:		
Common stock Authorized: 250,000,000 shares, par value \$0.00001 Issued and outstanding: 68,663,904 and 58,243,904 shares, respectively.	688	582
Additional paid-in capital	24,073,422	22,905,377
Stock subscriptions and stock to be issued	210,000	80,400
Accumulated other comprehensive income (loss)	26,386	(135,469)
Accumulated deficit	(21,474,140)	(20,885,036)
Total stockholders' equity	<u>2,836,356</u>	<u>1,965,854</u>
Total liabilities and stockholders' equity	<u>\$ 8,752,690</u>	<u>\$ 7,042,450</u>

See accompanying condensed notes to these interim consolidated financial statements.

PARK PLACE ENERGY INC.

Consolidated Statements of Operations and Comprehensive Loss

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue				
Oil and gas sales	\$ 1,125,553	\$ 1,046,423	\$ 2,089,575	\$ 1,672,639
Cost and expenses				
Production	729,273	1,034,496	1,440,894	1,589,238
Depletion	190,345	143,376	353,394	269,130
Depreciation	9,891	-	15,239	-
Accretion of asset retirement obligation	93,467	57,562	177,525	102,981
General and administrative	442,720	638,977	863,686	1,354,845
Total expenses	1,465,696	1,874,411	2,850,738	3,316,194
Loss before other income (expenses)	(340,143)	(827,988)	(761,163)	(1,643,555)
Other income (expenses)				
Interest expense	(14,915)	(20,780)	(37,098)	(40,661)
Late filing penalty, taxes	-	-	-	(9,934)
Interest income	2,239	-	5,582	-
Foreign exchange loss	(18,361)	(1,336)	(26,164)	(7,873)
Other income	332,239	-	332,239	-
Loss on debt settlement	-	-	(102,500)	-
Gain on bargain purchase option	-	-	-	15,695
Total other income (expenses)	301,202	(22,116)	172,059	(42,773)
Net loss for the period	\$ (38,941)	\$ (850,104)	\$ (589,104)	\$ (1,686,328)
Loss per share	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of shares outstanding	68,599,459	55,607,562	62,048,754	55,927,491
Other comprehensive income (loss)				
Change in foreign currency translation adjustments	(88,108)	-	161,855	(5,960)
Other comprehensive loss	\$ (127,049)	\$ (850,104)	\$ (427,249)	\$ (1,692,288)

See accompanying condensed notes to these interim consolidated financial statements.

PARK PLACE ENERGY INC.
Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net loss for the period	\$ (589,104)	\$ (1,686,328)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	-	310,046
Depletion	353,394	269,130
Depreciation	15,239	-
Accretion of asset retirement obligation	177,525	102,981
Loss on debt settlement	102,500	-
Interest from loans payable	37,098	-
Gain on bargain purchase	-	(15,695)
Changes in operating assets and liabilities:		
Receivables	(398,803)	(271,049)
Prepaid expenses and deposits	73,177	142,801
Accounts payable and accrued liabilities	13,766	899,135
Net cash used in operating activities	<u>(215,208)</u>	<u>(248,979)</u>
Investing activities:		
Purchase of Tiway, net of \$500,000 deposit and \$855,014 in acquired cash and restricted cash	-	(855,014)
Property and equipment additions	(75,990)	-
Oil and gas properties expenditures	(309,515)	-
Net cash used in investing activities	<u>(385,505)</u>	<u>(855,014)</u>
Financing activities:		
Proceeds from stock subscriptions received	885,000	106,000
Share issuance costs	(7,250)	-
Proceeds from loans payable	2,500	-
Repayments of loans payable	(124,058)	(100,000)
Net cash provided by financing activities	<u>756,192</u>	<u>6,000</u>
Effect of exchange rate changes on cash and restricted cash	<u>(59,369)</u>	<u>(5,960)</u>
Change in cash and restricted cash	96,110	(1,103,953)
Cash and restricted cash at beginning of period	<u>258,164</u>	<u>1,550,937</u>
Cash and restricted cash at end of period	<u>\$ 354,274</u>	<u>\$ 446,984</u>
Non-cash investing and financing activities:		
Oil and gas expenditures included in accounts payable	\$ -	\$ 26,762
Restricted stock issued for oil and gas property expenditures	\$ 67,500	\$ 16,428
Stock issued for restricted stock units	\$ -	\$ 8
Issuance of common stock for stock subscriptions	\$ 80,400	\$ 1,011,000
Loans payable converted to stock	\$ 250,000	\$ -
Asset retirement cost addition	\$ 1,127,344	\$ -
Deposit applied to oil and gas properties expenditures	\$ 90,000	\$ -

See accompanying condensed notes to these interim consolidated financial statements.

PARK PLACE ENERGY INC.

Notes to the Consolidated Financial Statements
(unaudited)

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited consolidated financial statements Park Place Energy Inc. (“Park Place”, “Company”, “we” or “our”) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and six month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ended December 31, 2018.

The consolidated balance sheet at December 31, 2017, has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Park Place’s annual report on Form 10-K for the year ended December 31, 2017.

The Company has suffered recurring losses from operations and the Company has a significant working capital deficiency. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

(b) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the estimated useful lives and recoverability of long-lived assets, impairment of oil and gas properties, fair value of stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Financial Instruments and Fair Value Measures

The carrying amounts reported in the consolidated balance sheets for cash, receivables, loans payable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. None of these instruments are held for trading purposes.

(d) Loss Per Share

The Company computes loss per share of Company stock in accordance with ASC 260 (“Earnings per Share”), which requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing the loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As at June 30, 2018 and December 31, 2017, the Company had 12,090,000 and 14,210,000 potentially dilutive shares outstanding, which were excluded from the calculation of diluted EPS, respectively.

(e) Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”). The Company adopted this standard on modified retroactive basis on January 1, 2018. No financial statement impact occurred upon adoption.

Revenue from Contracts with Customers

We recognize revenue when it satisfies a performance obligation by transferring control over a product to a customer. Revenue is measured based on the consideration we expect to receive in exchange for those products.

Performance Obligations and Significant Judgments

We sell oil and natural gas products in Turkey. We enter into contracts that generally include one type of distinct product in variable quantities and priced based on a specific index related to the type of product.

The oil and natural gas are typically sold in an unprocessed state to processors and other third parties for processing and sale to customers. We recognize revenue at a point in time when control of the oil is transferred. For oil sales, control is typically transferred to the customer upon receipt at the wellhead or a contractually agreed upon delivery point. Under our natural gas contracts with processors, control transfers upon delivery at the wellhead or the inlet of the processing entity’s system. For our other natural gas contracts, control transfers upon delivery to the inlet or to a contractually agreed upon delivery point. In the cases where we sell to a processor, we have determined that we are the principal in the arrangement and the processors are our customers. We recognize the revenue in these contracts based on the net proceeds received from the processor.

Transfer of control drives the presentation of transportation and gathering costs within the accompanying unaudited consolidated statements of operations. Transportation and gathering costs incurred prior to control transfer are recorded within the transportation and gathering expense line item on the accompanying unaudited consolidated statements of operations, while transportation and gathering costs incurred subsequent to control transfer are recorded as a reduction to the related revenue.

A portion of our product sales are short-term in nature. For those contracts, we use the practical expedient in ASC 606-10-50-14 exempting us from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For our product sales that have a contract term greater than one year, we have utilized the practical expedient in ASC 606-10-50-14(a) which states we are not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to an unsatisfied performance obligation. Under these sales contracts, each unit of product represents a separate performance obligation; therefore, future volumes are unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. We have no unsatisfied performance obligations at the end of each reporting period.

We do not believe that significant judgments are required with respect to the determination of the transaction price, including any variable consideration identified. There is a low level of uncertainty due to the precision of measurement and use of index-based pricing with predictable differentials. Additionally, any variable consideration identified is not constrained.

(f) Statement of Cash Flows

In November 2016, the FASB issued ASU No. 2016-18, (“ASU 2016-18”) Statement of Cash Flows (Topic 230): Restricted Cash. This ASU is intended to provide guidance on the presentation of restricted cash or restricted cash equivalents and reduce the diversity in practice. This ASU requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts on the statement of cash flows. Adopted retrospectively as of January 1, 2018 and have applied to all periods presented herein. The adoption of ASU 2016-18 did not have a material impact to our unaudited condensed consolidated financial statements. The effect of the adoption of ASU 2016-18 on our condensed consolidated statements of cash flows was to include restricted cash balances in the beginning and end of period balances of cash and cash equivalent and restricted cash. The change in restricted cash was previously disclosed in operating activities and financing activities in the condensed consolidated statements of cash flows.

(g) Recently Issued Accounting Pronouncements

Applicable for fiscal years beginning after December 15, 2018:

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842).” This accounting standard seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Current US GAAP does not require lessees to recognize assets and liabilities arising from operating leases on the balance sheet. This standard also provides guidance from the lessees’ perspective on how to determine if a lease is an operating lease or a financing lease and the differences in accounting for each. In January 2018, the FASB issued ASU No. 2018-01, which allows for an entity to elect an optional transition practical expedient for land easements that exist or expired before adoption of Topic 842. The adoption of this standard is required for interim and fiscal periods beginning after December 15, 2018 and it is required to be applied using the modified retrospective approach. Early adoption is permitted.

The Company has evaluated the impact of the above standards on their consolidated financial statements. Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

2. Oil and Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2016	\$ 2,939,829	\$ -	\$ 2,939,829
Expenditures	144,002	-	144,002
Acquisition	-	3,414,110	3,414,110
Depletion	-	(774,547)	(774,547)
December 31, 2017	\$ 3,083,831	\$ 2,639,563	\$ 5,723,394
Foreign currency translation change	(1,534)	-	(1,534)
Depletion	-	(353,394)	(353,394)
Asset retirement cost addition	-	1,127,344	1,127,344
Addition	-	467,015	467,015
June 30, 2018	\$ 3,082,297	\$ 3,880,528	\$ 6,962,825

Bulgaria

The Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with or exceeding its minimum work program obligation. The Company's commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the "Exploration and Geophysical Work Stage"), followed by drilling activities in years 4 and 5 of the initial term (the "Data Evaluation and Drilling Stage"). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs.

Turkey

Cendere oil field

The primary asset of the PPE Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company's interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API.

The Cendere Field is a long term low decline oil reserve. The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 110 and 123 bopd (barrels oil per day) net to the Company. During August 2018, the Company's average net oil was 135 bopd at 96% water cut.

At December 31, 2016, the gross oil production rate for the producing wells in Cendre was 675 MMbbls; the average daily 2017 gross production rate for the field was 715 bbls. At the end of June 2018, oil is currently sold at a price of approximately US\$ 71 per barrel for a netback per barrel of approximately US\$38.

At December 31, 2017, the Cendere field was producing 669 barrels of oil per day, net to the PPE Turkey Companies; and averaged 118 barrels per day during 2017 net to the PPE Turkey Companies. After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. To date approximately 20.1 MMbbls of oil have been produced from the Cendere Field.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Derdere Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field. The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline. There are 20 well pads which currently house 16 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The oil produced from the Cendere Field is exported from Karakus via a TPAO operated oil pipeline to the town of Saril, where the export oil pipeline ties into the BOTAS operated pipeline to the Ceyhan region. The oil is sold at market prices (less a processing and transportation fee) to Tupras in Ceyhan.

The South Akcakoca Sub-Basin (“SASB”).

The Company owns offshore production licenses called the South Akcakoca Sub-Basin (“SASB”). The Company now owns a 49% working interest in SASB, 12.5% which was obtained during January 2018. The additional interest was acquired with cash of \$309,515, 1,000,000 shares issued on November 22, 2017 fair valued at \$90,000 and a further share issuance of 500,000 shares on January 30, 2018 fair valued at \$67,500 for total consideration of \$467,015. During the year ending December 31, 2017, the Company owned a 37.5% interest. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1,100 to 1,800 meters.

Bakuk gas field

Park Place also owns a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

3. Note Receivable

In April 2015, the Company loaned \$38,570 to a Bulgarian company pursuant to a revolving credit facility, enabling such Bulgarian company to buy and manage land in Bulgaria to be leased by the Company for future well sites. The credit facility has a maximum loan obligation of BGN 1,000,000 (\$597,500 USD at June 30, 2018) bears interest at 6.32%, has a five-year term and is secured by the land the Bulgarian company buys. Payment on the facility is due the earlier of the end of the five-year term (April 6, 2020) or demand by the Company. As of June 30, 2018, the outstanding balance on the loan obligation was \$47,655 (December 31, 2017: \$46,109). The change in balance was due to changes in foreign currency translations.

4. Loans Payable

As at	June 30, 2018	December 31, 2017
Interest bearing loans	\$ 603,826	\$ 903,262
Non-interest-bearing loans	27,000	62,025
Total	\$ 630,826	\$ 965,287

Loans bearing interest, accrue at 10% per annum are all unsecured. All loans are due on demand. No interest has been inputted on the non-interest-bearing loans as it would be immaterial to the financial statements.

5. Asset Retirement Obligations

Asset retirement obligations (“AROs”) associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date. The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company’s credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. Our ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs.

The Company estimated an ARO for the addition of 12.25% of the South Akcakoca Sub Basin as disclosed in Note 2. For the current period addition, the Company used 2.5% as inflation rate and used a risk-free rate of 10% to present value the obligation.

The following is a description of the Company’s asset retirement obligations:

	June 30, 2018	December 31, 2017
Asset retirement obligations at beginning of period	\$ 2,527,259	\$ -
Additions	1,127,344	2,302,500
Accretion expense	177,525	224,759
Asset retirement obligations at end of period	\$ 3,832,128	\$ 2,527,259

6. Common Stock

During the six months ending June 30, 2018, the Company closed several private placements with the issuance of 6,750,000 shares of common stock, at \$0.10 per share for gross proceeds of \$675,000. Each common share having ½ of one share purchase warrant attached, resulting in the issuance of 3,375,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

The Company received a further \$210,000 in subscriptions, which were closed subsequent to period end.

During the six months ended, the Company issued 670,000 shares to management and a consultant valued at \$80,400, which were outstanding at December 31, 2017.

On a private placement, a broker fee of \$7,250 was paid and offset against paid up capital.

On February 21, 2018, the Company issued 500,000 shares of the company's common stock as partial consideration of an additional 12.25% of the South Akcakoca Sub Basin ("SASB") gas field. The common shares were fair valued at \$67,500 based on the closing price of the stock on the date of issuance.

On March 5, 2018 the Company settled note payables of \$250,000 for 2,500,000. The market price of the stock on the date of settlement was \$0.141 and loss of \$102,500 was recorded.

7. Stock Options

The following table summarizes the continuity of the Company's stock options:

Outstanding, December 31, 2017	3,315,000
Granted	-
Exercised	-
Expired	(100,000)
Outstanding, June 30, 2018	<u>3,215,000</u>

As at June 30, 2018, all stock options have fully vested. The weighted average remaining life of the stock options are 2.58 years (December 31, 2017: 2.99). The weighted average exercise price at the period ended June 30, 2018 is \$0.14 (December 31, 2017: \$0.14). The aggregate intrinsic value of the stock options at June 30, 2018 is \$48,600 (December 31, 2017: \$103,050).

There was no compensation expense related to stock options recognized during the six months ended June 30, 2018 and \$23,787 recorded for the comparative six months ended June 30, 2017. At June 30, 2018, the Company has no unrecognized compensation expense related to stock options and for the six months ended June 30, 2017 the Company had \$277,874 in unrecognized compensation expense related to stock options. There was no restricted stock expense for the six months ended June 30, 2018 and June 30, 2017.

8. Warrants

During the period, the Company closed several private placements with the issuance of 6,550,000 shares of common stock. Each common share having ½ of one share purchase warrant attached, resulting in the issuance of 3,375,000 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

The fair values for warrants issued have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	<u>2018</u>
Risk-free interest rate	2.17-2.58%
Expected life (in years)	2.0
Expected volatility	216-227%
Weighted average fair value per share	\$ 0.26

The fair value of the warrants issued was \$426,081. The fair value is allocated to additional paid-in capital.

The following table summarizes the share purchase warrants:

Outstanding, December 31, 2017	10,895,000
Expired	(5,395,000)
Issued	3,375,000
Outstanding, June 30, 2018	<u>8,875,000</u>

The weighted average remaining life of the warrants are 0.71 years (December 31, 2017: 0.35). The weighted average exercise price at the period ended June 30, 2018 is \$0.30 (December 31, 2017: \$0.35).

9. Segment Information

During 2018 and 2017, the Company's operations were in the resource industry in Bulgaria, and Turkey with head offices in the United States, Canada and a satellite office in Sofia, Bulgaria. The Company's primary operations are the oil and gas operations in Turkey. Additionally, the Company has a petroleum exploration license in Bulgaria.

For the period ended June 30, 2018	<u>Bulgaria</u>	<u>North America</u>	<u>Turkey</u>	<u>Total</u>
Revenue				
Oil and gas sales	\$ -	\$ -	\$ 2,089,575	\$ 2,089,575
Cost and expenses				
Production	-	-	1,440,894	1,440,894
Depletion	-	-	353,394	353,394
Depreciation	-	-	15,239	15,239
Accretion of asset retirement obligation	-	-	177,525	177,525
General and administrative	1,115	327,745	534,826	863,686
Total expenses	<u>\$ 1,115</u>	<u>\$ 327,745</u>	<u>\$ 2,521,878</u>	<u>\$ 2,850,738</u>
Loss before other income (expenses)	<u>\$ (1,115)</u>	<u>\$ (327,745)</u>	<u>\$ (432,303)</u>	<u>\$ (761,163)</u>
Other income (expenses)				
Interest income	-	-	5,582	5,582
Interest expense	-	(37,098)	-	(37,098)
Foreign exchange gain (loss)	-	4,082	(30,246)	(26,164)
Other income	-	-	332,239	332,239
Loss on debt settlement	-	(102,500)	-	(102,500)
Total other income (expense)	<u>\$ -</u>	<u>\$ (135,516)</u>	<u>\$ 307,575</u>	<u>\$ 172,059</u>
Net Income (loss)	<u>\$ (1,115)</u>	<u>\$ (463,261)</u>	<u>\$ (124,728)</u>	<u>\$ (589,104)</u>
Long Lived Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,039,068</u>	<u>\$ 4,039,068</u>

10. Income Taxes

The Company is subject to United States federal and state income taxes at a rate of 21%. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	Six months Ended June 30,	
	2018	2017
Benefit at statutory rate	\$ (123,712)	\$ (194,283)
Permanent differences and other:	-	154
Valuation allowance change	123,712	194,129
Income tax provision	<u>\$ -</u>	<u>\$ -</u>

11. Related party transactions

At June 30, 2018, \$105,722 (December 31, 2017: \$132,249) of accounts payable were to related parties. The amounts owed, and owing are unsecured, non-interest bearing, and due on demand.

12. Supplementary cash flow

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	Six Months Ended June 30,	
	2018	2017
Cash	\$ 231,451	\$ 314,900
Restricted cash	122,823	132,084
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 354,274</u>	<u>\$ 446,984</u>

The restricted cash is related to the drilling bonds provided to GDPA (General Directorate of Petroleum Affairs) for the exploration licenses due to Turkish Petroleum Law. The amounts are for 2% of the annual work budget of the different licenses which is submitted to GDPA on annual basis.

13. Other income

The Company received \$332,239 in other income from the government. This amount relates to the settlement of a legal and tax dispute with General Directorate of Petroleum Affairs (GDPA) relating to a taxation liability that the Company was assessed for training costs commencing 2008. The Company disputed the assessment, but was previously unsuccessful in its application. In 2018, the Company was successful in negotiating a non-legal settlement, overturning the training cost obligation.

The "training obligation" was imposed by GDPA in relation to SASB Project pursuant to former Turkish Petroleum Law no. 6326. Because of the 2008 assessment, the Company was forced to follow the amounts and percentages set in 2008. The Law states that petroleum right holders in Turkey are obliged to train Turkish citizens against each foreign citizen recruited in petroleum activities. This obligation is determined by taking 25% of the total number of the days the foreigners worked for the petroleum activity.

14. Subsequent events

July 2, 2018, the Company closed a private placement with the issuance of 2,000,000 units at \$0.10 per unit for gross proceeds of \$200,000. \$10,000 of the proceeds were received during the quarter ended March 31, 2018.

On August 20, 2018, the Company closed a private placement with the issuance of 650,000 units at \$0.10 per unit for gross proceeds of \$65,000.

On August 21, 2018, the Company closed a private placement with the issuance of 321,061 units at \$0.10 per unit for gross proceeds of \$32,106.

Each unit was comprised of one common stock and $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 1,585,531 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

On October 1, 2018 the Company entered into an agreement to grant to a consultant of the Company a 2% (two percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.

On October 1, 2018 the Company entered into an agreement to grant to the CEO of the Company a .5% (one half of one percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide readers of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Executive Summary
- Results of Operations
- Liquidity and Capital Resources
- Forward-Looking Information

Our MD&A should be read in conjunction with our unaudited financial statements of Park Place Energy Inc. (“Park Place”, Company”, “we”, and “our”) and related Notes in Part I, Item 1 of the Quarterly Report on Form 10-Q and Item 8, Financial Statements and Supplementary Data, of the Annual Report on Form 10-K for the year ended December 31, 2017.

Our website can be found at www.parkplaceenergy.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or furnished to the U.S. Securities and Exchange Commission (“SEC”), pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (“Exchange Act”), can be accessed free of charge by linking directly from our website under the “Investor Relations - SEC Filings” caption to the SEC’s Edgar Database.

Executive Summary

Park Place is a U.S. based oil and gas exploration and production company focused on expanding its portfolio of projects in Southeast Europe, Turkey and countries in the immediate vicinity. The Company’s concentration is on recently acquired oil and gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

Turkey

In January 18, 2017, the Company completed the acquisition of three oil and gas producing fields in Turkey. The purchase price for the acquisition of the PPE Turkey Companies from Tiway Oil B.V. was \$2.1 million. At December 31, 2016, net production from these fields was around 280 boepd (barrel of oil equivalent per day).

The primary asset of the PPE Turkey Companies is the Cendere onshore oil field, which is a profitable oil field located in South East Turkey having a total of 25 wells. The Cendere Field was first discovered in 1988. Oil production commenced during 1990. The operator of the Cendere Field is TPAO. The Company’s interest is 19.6% for all wells except for wells C-13, C-15 and C-16, for which its interest is 9.8%. The produced oil has a gravity of 27.5o API.

After the initial development of the Cendere Field, oil production was approximately 2,000 bopd from three wells and which peaked at approximately 7,000 bopd in 1992, when additional wells were put into production. The field started to produce water during the first year of production. To date approximately 20.1 MMbbls of oil have been produced from the Cendere Field. During August 2018, the Company’s average net oil was 135 bopd at 96% water cut.

A description of the Cendere Field geological and reservoir characteristics is as follows. The reservoirs are located in the South East Anatolian Basin and within the Middle Cretaceous period. The carbonated Dender Formation is the main reservoir in Cendere Field and has dolomitization and fracturing, which enhance its production characteristics. There are also four additional oil reservoirs contained within Cendere Field.

The Cendere Field is covered by 54 km² of 3D seismic that was acquired in 2004.

The field was developed using a collection of dispersed oil wells from which production is collected and exported to the Cendere gathering station. The produced oil is exported to the TPAO Karakus processing facility which then is transported onwards to the BOTAS-operated oil pipeline.

There are 20 well pads which currently house 16 producing wells spread over an area of approximately 15 square kilometers. A field gathering station, located to the southwest of the Cendere Field collects the oil and produced water from a collection of flowlines and manifolds.

The oil produced from the Cendere Field is exported from Karakus via a TPAO operated oil pipeline to the town of Saril, where the export oil pipeline ties into the BOTAS operated pipeline to the Ceyhan region. The oil is sold at market prices (less a processing and transportation fee) to Tupras in Ceyhan.

The Company owns offshore production licenses called the South Akcakoca Sub-Basin ("SASB"). The Company owns a 19.6% interest in the Cendere oil field license. The Company now owns a 49% working interest in SASB, 12.5% which was obtained after year-end. During the year ending December 31, 2017, the Company owned a 37.5% interest.

The Cendere Field is a long term low decline oil reserve. The Company has a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 110 and 123 bopd (barrels oil per day) net to the Company.

At December 31, 2016, the gross oil production rate for the producing wells in Cendre was 675 MMbbls ; the average daily 2017 gross production rate for the field was 715 bbls . At the end of June 2018, oil is currently sold at a price of approximately US\$ 71 per barrel for a netback per barrel of approximately US\$38. At year-end 2017, the Cendere field was producing 669 barrels of oil per day, net to the PPE Turkey Companies; and averaged 118 barrels per day during 2017 net to the PPE Turkey Companies.

The main producing asset was a 36.75% interest in an offshore gas development project called the South Akçakoca Sub-Basin (SASB). The Company further acquired from its partner Foinavon Energy Turkey Inc. 12.25% working interest in the same license for 1,500,000 shares of the Company and \$275,000 on February 8, 2018 to have a total of 49%. This field has four offshore platforms connected to an onshore gas plant. On December 31st 2017, net gas production to the Company was around 563 Mcfd (thousand cubic feet per day) from six producing wells. The SASB field potentially holds significant upside.

The other producing property acquired in Turkey is a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 110 and 123 bopd (barrels oil per day) net to the Company.

At SASB, the Company plans to reprocess the 3D seismic to facilitate a potential future program of drilling to bring discovered undeveloped gas pools on to production.

Bulgaria

The Company entered into an exploration license over a 98,000 acre block in northeast Bulgaria in 2014. The overall five year and our first year work programs was approved by the Ministry of Environment ("MEW"), however, the MEW approval was appealed in an administrative proceeding. The administrative court remanded the matter to MEW in May 2017 for a determination by the MEW as to whether an ecological evaluation of the license area should be required. This matter was determined 2017 and we are in the progress of obtaining an environmental report which will cost an estimated \$100,000. Upon the licence becoming effective our exploration program will commence in 2019 for a term of five (5) years.

We are required to post a bond (105,000 Euros) upon the 5 year license term commencement. The license period may be extended for up to 5 additional years and may then be converted into an exploitation concession, which can last for up to 35 years. The Company's initial 5 year commitment involves geological and geophysical exploration activities for the first 3 years followed by drilling at least 10,000 meters (approximately 32,800 feet) of new wellbore in years 4 and 5.

Strategic Focus

Oil and natural gas prices in Turkey and throughout Southeast Europe make this make this region highly attractive for oil and gas exploration and production. Most of the countries, including Turkey and Bulgaria, import nearly all of their oil and natural gas and consumption is projected to increase. Turkey also contains many opportunities for additional oil and coal bed methane production as well enhanced oil and natural gas recovery from existing fields. Park Place will evaluate these opportunities as they appear. The fiscal terms are highly attractive. In Turkey, there is a 20% corporate tax and a 12.5% royalty. In Bulgaria, the corporate tax rate is 10% and the royalties are on a sliding rate starting at 3.5% up to 13.5%

The license area holds great attraction as a potential coal bed methane exploration project. The license area was extensively drilled for coal exploration from 1964 to 1990. It was determined that coal mining was not technically feasible. However, the coal exploration drilling provided us with an extensive database.

Results of Operations

The following summary of our results of operations should be read in conjunction with our unaudited consolidated financial statements for the periods ended June 30, 2018 and 2017, which are included herein. During the period ended June 30, 2018, all increases in revenue, expenses and other income (expenses) are due to the acquisition of Tiway unless otherwise noted below.

Revenue

Revenue increased from \$1,672,639 to \$2,089,575 for the six months ended June 30, 2018. Revenue increased due to additional production relating to the acquisition of additional 12.25% working interest in a producing gas property, increase oil prices per barrel, as well as recovery of certain operating expenses expensed in a previous quarter which were booked to revenue when recovered.

For the three months ended June 30, 2018, revenue increased year over year \$79,130 from \$1,046,423 to \$1,125,553. Production increases in natural gas production were offset by a decline in net sale prices caused by a devaluation of the Turkish Lira compared to the US dollar.

Expenses

Our general and administrative expenses for the six months ended June 30, 2018 decreased by \$491,159 to \$863,686 as compared to \$1,354,845 for the six months ended June 30, 2017. The decrease is due to a number of reasons. The revaluation expense of warrants by approximately \$279,000 occurred in 2017. The Tiway Companies acquisition occurred during 2017 which caused an increase in general and administrative expenses. A devaluation of the Turkish Lira compared to the US dollar by approximately 25% caused a decrease in general and expenses incurred in Turkey.

Decreases in general and administrative costs were offset by increases in production costs due to the increase in production associated with the working interest increase. Accretion of asset retirement costs increased by \$74,544 compared to \$102,981 for the six months ended June 30, 2017 due to the increase in the cost base added to the asset retirement obligation from the Foinovan interest acquisition.

For the three months ended June 30, 2018, general and administrative expenses decreased \$196,257 from \$638,977 to \$442,720. This decrease was due to a number of factors. General and administrative expenses in Turkey decreased due to a devaluation of the Turkish Lira compared to the US dollar by approximately 25%. Head office general and administrative expenses decreased due to cost cutting. Accretion of asset retirement obligation increased by \$35,905 to \$93,467 due to the addition of the Foinovan interest. Depletion also increased by \$46,969 because of the interest addition. Production costs decreased by \$251,933, from \$1,034,496 to \$782,563 due to an approximately 25% devaluation of the Turkish Lira compared to the US dollar.

Other Income (Expenses)

For the six months ended June 30, 2018, other income (expenses) increased to income of \$172,059 compared to total expenses \$42,773 for the same period in 2017. In June of 2018, the Turkey operations had a one-time cost recovery of \$332,239 for training costs, which was offset by a loss on debt settlement of \$102,500.

For the three months ended June 30, 2018, the Company had other income of \$301,202 comparative to total expenses of \$22,116 in the comparative period. The increase to income was due to the cost recovery of training costs in the Turkey operations.

Loss

The increase in net losses was a result of the factors described above.

Liquidity and Capital Resources

The following table summarizes our liquidity position:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	
Cash	\$ 231,451	\$ 130,476
Working deficiency	(623,369)	(1,501,855)
Total assets	8,752,690	7,042,450
Total liabilities	5,916,334	5,076,596
Stockholders' equity	2,836,356	1,965,854

Cash Used in Operating Activities

We used cash of \$435,065 from operating activities for the six months ended June 30, 2018 compared to \$483,321 for the six months ended June 30, 2017. The loss of \$589,104 was offset by \$685,756 in non-cash expenses for the six months ended June 30, 2018. An increase of \$618,600 to receivables from the additional output associated with the increase in working interest and the increased revenue pushed operating outflows to \$435,065.

Cash Flow from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2018 was \$385,505 compared to \$620,960 in the comparative period. In 2017, the oil fields were purchased in the first quarter and in the first quarter of 2018, the Company added a further interest to the SASB field for cash outlays of \$309,515. The Turkey operations added \$75,990 in assets to support the head office.

Cash Provided by Financing Activities

We have funded our business to date primarily from sales of our common stock through private placements and loans. During the six months ended June 30, 2018, we received net cash of \$877,750 for stock subscriptions while repaying \$124,058 in loans payable. In the comparative period, only \$106,000 was raised and was used to pay down notes payable of \$100,000.

Future Operating Requirements

Based on our current plan of operations, we estimate that we will require approximately \$1.2 million to pursue our plan of operations over the next 12 months. We plan to spend approximately \$350,000 on capital expenditures for ongoing redevelopment operations on the Turkish properties primarily for engineering and reports based on reprocessing of data. We also plan to improve our working capital deficit by paying off accounts payable. The operations in Turkey are self-sustaining and will generate net cash flow sufficient to fund in-country general and administrative expenses as well as a portion of our head office overhead. We will require approximately \$250,000 for general and administrative expenses.

To reduce our current outstanding trade payables and indebtedness will require approximately \$1.2 million; however, we may be able to negotiate terms that will require a lesser amount.

Our current plan of operations in the period 12 months from now contemplates reprocessing of data. Subject to the outcome of reprocessing, our plan for 12- 24 months is the drilling of up to four (4) new wells at SASB. Depending on the timing of the drilling operations at our current interest (currently 49%), we project we will incur up to an additional \$16 million in capital expenditures to enable us to conduct such operations.

Off-Balance Sheet Arrangements

On October 1, 2018 the Company entered into an agreement to grant to a consultant of the Company a 2% (two percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.

On October 1, 2018 the Company entered into an agreement to grant to the CEO of the Company a .5% (one half of one percent) gross overriding royalty on petroleum substances produced from certain of its exploration properties, namely: Block 1-11 Vranino situated in Dobrich District, Bulgaria and seven contiguous exploration licences in the province of Hakkari Yuksekova Semdiali Derecik, Turkey. The Grant of the royalty agreement was for services involving technical and corporate advice services.

Forward-Looking Information

Certain statements in this Quarterly Report on Form 10-Q constitute “forward-looking statements” within the meaning of applicable U.S. securities legislation. Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future, by us or on our behalf. Such statements are generally identifiable by the terminology used such as “plans,” “expects,” “estimates,” “budgets,” “intends,” “anticipates,” “believes,” “projects,” “indicates,” “targets,” “objective,” “could,” “should,” “may” or other similar words.

By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements, including the factors discussed under Item 1A. Risk Factors in our most recent Annual Report on Form 10-K. Such factors include, but are not limited to, the following: fluctuations in and volatility of the market prices for oil and natural gas products; the ability to produce and transport oil and natural gas; the results of exploration and development drilling and related activities; global economic conditions, particularly in the countries in which we carry on business, especially economic slowdowns; actions by governmental authorities including increases in taxes, legislative and regulatory initiatives related to fracture stimulation activities, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflicts; the negotiation and closing of material contracts; future capital requirements and the availability of financing; estimates and economic assumptions used in connection with our acquisitions; risks associated with drilling, operating and decommissioning wells; actions of third-party co-owners of interests in properties in which we also own an interest; our ability to effectively integrate companies and properties that we acquire; our limited operating history; our history of operating losses; our lack of insurance coverage; and the other factors discussed in other documents that we file with or furnish to the U.S. Securities and Exchange Commission. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors and our course of action would depend upon our assessment of the future, considering all information then available. In that regard, any statements as to: future oil or natural gas production levels; capital expenditures; the allocation of capital expenditures to exploration and development activities; sources of funding for our capital expenditure programs; drilling of new wells; demand for oil and natural gas products; expenditures and allowances relating to environmental matters; dates by which certain areas will be developed or will come on-stream; expected finding and development costs; future production rates; ultimate recoverability of reserves, including the ability to convert probable and possible reserves to proved reserves; dates by which transactions are expected to close; future cash flows, uses of cash flows, collectability of receivables and availability of trade credit; expected operating costs; changes in any of the foregoing and other statements using forward-looking terminology are forward-looking statements, and there can be no assurance that the expectations conveyed by such forward-looking statements will, in fact, be realized.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity, achievements or financial condition.

Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us, including factors that potentially could materially affect our financial results, may emerge from time to time. We do not intend to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable because we are a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure of Controls and Procedures

We carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2018 (the "Evaluation Date"). This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, we concluded that our disclosure controls and procedures were effective.

We believe that our consolidated financial statements contained in our Quarterly Report on Form 10-Q for the period ended June 30, 2018 fairly present our financial condition, results of operations and cash flows in all material respects.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently involved in any legal proceedings and we are unaware of any pending proceedings.

Item 1A. Risk Factors

Not applicable because we are a smaller reporting company. See risk factors described in Item 1A of the Company's most recent Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 9, 2018, the Company closed a private placement with the issuance of 100,000 units at \$0.10 per unit for gross proceeds of \$10,000. Proceeds were received during the quarter ended March 31, 2018.

On May 21, 2018, the Company closed a private placement with the issuance of 100,000 units at \$0.10 per unit for gross proceeds of \$10,000.

On August 21, 2018, the Company closed a private placement with the issuance of 321,061 units at \$0.10 per unit for gross proceeds of \$32,106.

On August 20, 2018, the Company closed a private placement with the issuance of 650,000 units at \$0.10 per unit for gross proceeds of \$65,000.

Each unit was comprised of one common stock and $\frac{1}{2}$ of one share purchase warrant attached, resulting in the issuance of 485,531 warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mining Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 32.1 [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101 The Company's unaudited Consolidated Financial Statements and related Condensed Notes for the quarter ended June 30, 2018 from this Quarterly Report on Form 10-Q, formatted in XBRL (eXtensible Business Reporting Language).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARK PLACE ENERGY INC.

By: /s/ "Arthur Halleran"

Arthur Halleran
President and CEO (Principal Executive Officer)
Date: October 9, 2018

By: /s/ "David Thompson"

David Thompson
Chief Financial Officer (Principal Financial Officer)
Date: October 9, 2018