Condensed Interim Financial Statements

(Expressed in Canadian dollars - Unaudited)

San Angelo Oil Limited

For the nine months ended March 31, 2017 and 2016

SAN ANGELO OIL LIMITED
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

	As at March 31, 2017	As at June 30, 2016
	$	$
ASSETS		
Current		
Cash	**122,157**	219,793
Other receivables	**6,478**	4,776
Total current assets	**128,635**	224,569
Equipment, net *(Note 3)*	**-**	6,407
	128,635	230,976
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**16,224**	50,596
Total current liabilities	**16,224**	50,596
Shareholders' equity		
Share capital *(Note 4)*	**2,820,369**	2,820,369
Share premium	**930,383**	930,383
Warrants *(Note 4)*	**120,754**	120,754
Contributed surplus	**105,092**	105,092
Accumulated other comprehensive income	**-**	182,656
Deficit	**(3,864,187)**	(3,978,874)
Total shareholders' equity	**112,411**	180,380
	128,635	230,976

Approved on behalf of the Board:

"Eileen Au" Director

"Danny Lee" Director

The accompanying notes are an integral part of these condensed interim financial statements

SAN ANGELO OIL LIMITED
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars – Unaudited)

	Three months ended March 31, 2017	Three months ended March 31, 2016	**Nine months ended March 31, 2017**	Nine months ended March 31, 2016
Expenses				
Accretion	**$ -**	$ -	**$ -**	$ 75,383
Amortizaton *(Note 3)*	**474**	3,478	**947**	10,267
Management fees	**4,500**	-	**13,500**	-
Insurance	**-**	2,198	**-**	29,594
Legal	**415**	15,951	**21,885**	47,842
Office and miscellaneous	**211**	4,344	**410**	30,234
Professional fees	**3,000**	21,991	**14,440**	57,234
Regulatory fees	**1,750**	4,883	**7,700**	10,850
Salaries and benefits *(Note 5)*	**-**	5,082	**-**	54,594
General exploration	**-**	-	**2,213**	-
Transfer agent	**2,526**	5,856	**7,006**	10,068
Travel	-	-	-	395
Loss before other items	**12,876**	63,783	**68,101**	326,461
Other expense (income)				
Interest income	**-**	(674)	**-**	(794)
Gain on sale of subsidiary	**-**	-	**(4,875)**	-
Foreign exchange	**(181,850)**	2,003	**(183,428)**	2,081
Write off of equipment *(Note 3)*	**-**	50,958	**5,515**	50,958
Exploration property write-off	**-**	(113,384)	**-**	1,418,820
	(181,850)	(61,097)	**(182,788)**	1,471,065
Net loss (income) for the period	**$ (168,974)**	$ 2,686	**$ (114,687)**	$ 1,797,526
Exchange differences from translation of foreign operations	**182,633**	20,715	**182,656**	(100,412)
Comprehensive loss for the period	**$ 13,659**	$ 23,401	**$ 67,969**	$ 1,697,114
Basic income (loss) per share (post-share consolidation)	**$ 0.02**	$ (0.00)	**$ 0.01**	$ (0.85)
Diluted income (loss) per share (post-share consolidation)	**$ 0.03**	$ (0.00)	**$ 0.02**	$ (0.85)
Weighted average number of shares outstanding	**6,492,750**	2,123,519	**6,492,750**	2,108,051

The accompanying notes are an integral part of these condensed interim financial statements.

SAN ANGELO OIL LIMITED
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – Unaudited)

	Number of issued and outstanding shares	Share capital	Number of issued and outstanding warrants	Warrants	Share premium	Convertible debentures equity component	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total equity
	#	$	#	$	$	$	$	$	$	$
Balance, July 1, 2015	**2,092,750**	**1,838,322**	**873,250**	**120,754**	**-**	**215,070**	**25,092**	**(1,452,137)**	**83,150**	**830,251**
Shares issued for debt conversion	2,200,000	941,547	-	-	-	-	-	-	-	941,547
Seed shares cancelled	(800,000)	(80,000)	-	-	-	-	80,000	-	-	-
Equity component – convertible debenture	-	-	-	-	215,070	(215,070)	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	100,412	100,412
Net loss for the period	-	-	-	-	-	-	-	(1,797,526)	-	(1,797,526)
Balance, March 31, 2016	**3,492,750**	**2,699,869**	**873,250**	**120,754**	**215,070**	**-**	**105,092**	**(3,249,663)**	**183,562**	**74,684**
Balance, July 1, 2016	**6,492,750**	**2,820,369**	**3,873,250**	**120,754**	**930,383**	**-**	**105,092**	**(3,978,874)**	**182,656**	**180,380**
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(182,656)	(182,656)
Net income for the period	-	-	-	-	-	-	-	114,687	-	114,687
Balance, March 31, 2017	**6,492,750**	**2,820,369**	**3,873,250**	**120,754**	**930,383**	**-**	**105,092**	**(3,864,187)**	**-**	**112,411**

The accompanying notes are an integral part of these condensed interim financial statements

(Expressed in Canadian dollars – Unaudited)

For the nine months ended		**March 31, 2017**		March 31, 2016
OPERATING ACTIVITIES				
Net income (loss) for the period	$	114,687	$	(1,797,526)
Items not affecting cash:				
Accretion		-		75,383
Amortization		947		10,267
Gain on sale of subsidiary		(4,875)		-
Write down of equipment		5,515		50,958
Impairment of exploration and evaluation assets		-		1,418,820
Foreign exchange gain		(183,428)		103
Changes in non-cash working capital items:				
Other receivables		(1,702)		(26,079)
Accounts payable and accrued liabilities		(29,497)		(95,997)
Net cash used in operating activities		(98,353)		(364,071)
INVESTING ACTIVITIES				
Redemption of short-term investment		-		250,000
Redemption of operator's bond		-		34,600
Investment in exploration and evaluation assets		-		(12,447)
Net cash generated by investing activities		-		272,153
FINANCING ACTIVITY				
Interest expense paid on convertible debentures		-		(27,726)
Net cash used in financing activity		-		(27,726)
Effect of exchange rate changes on cash		717		10,242
Change in cash during the period		**(97,636)**		(109,402)
Cash, beginning of the period		219,793		190,955
Cash, end of the period	**$**	**122,157**	$	81,553

Supplemental cash flow information (Note 8)

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

San Angelo Oil Limited (the "Company") was incorporated under the *British Columbia Business Corporations Act* on February 11, 2014. The Company is a junior resource company engaged in the identification, and the exploration and development, of both proven and unproven reserves via drilling and/or acquisition.

The address of the Company's head office is located at Suite 650 – 669 Howe Street, Vancouver, British Columbia, V6C 0B4.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the projects and upon future profitable production or from the proceeds of disposition. The Company will require additional capital to fund any future property acquisitions and exploration programs as well as for administrative purposes. If management is unable to obtain additional funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these unaudited condensed interim financial statements. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the normal course of business. The Company had net income of $114,687 during the nine months ended March 31, 2017, and as of that date, the Company had an accumulated deficit of $3,864,187 and net working capital of $112,411.

These unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Should it be determined that the Company is no longer a going concern, adjustments which could be significant, could be required to the carrying value of the assets and liabilities. These unaudited condensed interim financial statements do not reflect any adjustments to the carrying value of the assets or liabilities or any impact on the statements of loss and comprehensive loss, and statement of financial position classifications that would be necessary should the going concern assumption not be appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2016 ("2016 Annual Financial Statements"), which have been prepared in accordance with IFRS. The Company's interim results are not necessarily indicative of its results for a full year.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and effective as at the date the Board of Directors approved these financial statements for issue.

These condensed interim financial statements have been prepared using accounting policies consistent with those used in the 2016 Annual Financial Statement and were authorized for issue by the Board of Directors (the "Board") on May 9, 2017.

Basis of measurement

The condensed interim financial statements have been prepared on the historical cost convention, except for financial assets classified as fair value through profit and loss ("FVTPL") which are measured at fair value. These condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars.

Basis of consolidation

The condensed interim financial statements include the financial statements of the Company and its wholly owned controlled U.S. subsidiary, San Angelo Operating Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation. The financial statements of the subsidiary are included in the financial statements from the date that control commences until the date that control ceases.

In October 2016, the Company completed the sale of all of the issued and outstanding shares of its wholly owned and controlled U.S. subsidiary, San Angelo Operating Corp. for nominal consideration to a previous director of the Company. No finder's fee was paid in connection with this sale. The Company recognized a gain of $4,875 is connection with this sale.

Functional and presentation currency

Items included in the condensed interim financial statements of the Company and its previously owned and controlled subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional and reporting currency of the Company is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards, Amendments and Interpretations Issued

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on July 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these unaudited condensed interim financial statements are disclosed below. Management anticipates that all the pronouncements will be adopted in the accounting policy for the first period beginning after the effective date of the pronouncement.

The Company continues to evaluate the impact the implementation of these standards will have on the financial statements.

<u>Accounting standards anticipated to be effective in future periods:</u>

IFRS 9 - Financial Instruments. This IFRS introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 - Financial Instruments: Recognition and measurement, derecognition of financial assets and financial liabilities. The required adoption date for IFRS 9 is January 1, 2018.

IFRS 15 - Revenue from Contracts with Customers. This IFRS establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

IFRS 16 – Leases. This IFRS, which supersedes IAS 17 – Leases, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, has also been applied.

(Expressed in Canadian dollars – Unaudited)

3. EQUIPMENT

	Computer $	Equipment $	Well equipment $	Total $
Cost				
Balance, June 30, 2015	**2,843**	**35,143**	**47,082**	**85,068**
Effect of changes to foreign exchange rate	-	1,562	3,876	5,438
Write off	-	(6,775)	(50,958)	(57,733)
Balance, June 30, 2016	**2,843**	**29,930**	**-**	**32,773**
Effect of changes to foreign exchange rate	-	434	-	434
Write off	-	(5,515)	-	(5,515)
Balance, March 31, 2017	**2,843**	**24,849**	**-**	**27,692**
Accumulated amortization				
Balance, June 30, 2015	**948**	**11,714**	**-**	**12,662**
Amortization for the period	948	12,558	-	13,506
Effect of changes to foreign exchange rate	-	198	-	198
Balance, June 30, 2016	**1,896**	**24,470**	**-**	**26,366**
Amortization for the period	947	-	-	947
Effect of changes to foreign exchange rate	-	379	-	379
Balance, March 31, 2017	**2,843**	**24,849**	**-**	**27,692**
Net carrying value				
Balance, June 30, 2016	**947**	**5,460**	**-**	**6,407**
Balance, March 31, 2017	**-**	**-**	**-**	**-**

During the nine months ended March 31, 2017, the Company wrote off $5,515 (year ended June 30, 2016: $6,775) in office furniture as the Company had determined that it had no recoverable value. During the year ended June 30, 2016, the Company also wrote off $50,958 of well equipment.

(Expressed in Canadian dollars – Unaudited)

4. SHARE CAPITAL

The Company has an unlimited number of common shares without par value authorized for issuance.

On May 26, 2016, the Company completed a ten (10) for one (1) basis share consolidation. All current and comparative references to the number of common shares, weighted average number of common shares, loss per common share, stock options and warrants have been updated retrospectively to give effect to this share consolidation.

	Number of issued and outstanding shares	Share capital
Balance, June 30, 2015	2,092,750	$ 1,838,322
Shares issued upon convertible debt conversion	2,200,000	914,424
Shares cancelled	(800,000)	(80,000)
Shares issued for cash pursuant to a non-brokered private placement	3,000,000	150,000
Less share issuance expense, net of taxes	-	(2,377)
Balance, June 30, 2016 and March 31, 2017	6,492,750	$ 2,820,369

On December 29, 2015, the Company issued 2,200,000 common shares for the conversion of $1,100,000 in total aggregate amount of convertible debentures outstanding at an amended price of $0.50 per common share (previously convertible at $2.00 per common share). The Company has also eliminated the warrants underlying these Debentures. Out of the 2,200,000 common shares issued to the debenture holders, 536,250 common shares underlying the Debentures will remain subject to an escrow agreement while the remaining 1,663,750 common shares underlying the Debentures will be free trading.

On December 29, 2015, the Company cancelled and returned to treasury 800,000 of the 850,000 seed shares that were issued at $0.10 per common share prior to San Angelo's initial public offering.

On May 26, 2016, the Company completed a non-brokered private placement issuing 3,000,000 units at a price of $0.05 per unit for gross proceeds of $150,000. Each unit consists of one common share and one transferable common share purchase warrant exercisable into one additional common share at an exercise price of $0.05 per common share. These warrants expire on May 26, 2021.

As at March 31, 2017, the Company has 22,950 shares held in escrow. 11,475 of these shares will be released on September 10, 2017 and 11,475 shares will be released on March 10, 2018.

(a) Stock options

The Company has a stock option plan for the purchase of common shares for its directors, officers and employees (the "2014 Plan"). The maximum number of shares which may be issuable pursuant to options granted under the plan shall be the number equal to 10% of the Company's issued share capital from time to time or such additional amount as may be approved from time to time by the shareholders of the Company. The options are non-assignable and non-transferable. There is no cash settlement alternative provision for the options. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant, subject to all applicable regulatory requirements. During the year ended June 30, 2016, the Company cancelled stock options previously issued due to the recent changes to management and the Board of Directors.

(Expressed in Canadian dollars – Unaudited)

4. SHARE CAPITAL (continued)

(a) Stock options (continued)

As at June 30, 2016 and March 31, 2017, there were no stock options outstanding.

(b) Agent's options

The following table summarizes the continuity of agent's options outstanding:

	Number of options #	Weighted average exercise price $
Balance, June 30, 2016	99,420	2.00
Expired	(99,420)	2.00
Balance, March 31, 2017	-	-

During the nine months ended March 31, 2017, 99,420 agent options expired unexercised.

(c) Warrants

The following table summarizes the continuity of warrants outstanding:

	Number of warrants #	Weighted average exercise price $
Balance, June 30, 2016	**3,873,250**	**0.72**
Expired	(873,250)	3.00
Balance, March 31, 2017	**3,000,000**	**0.05**

Warrants outstanding

Number of warrants #	Expiry date	Weighted average remaining life (in years)	Exercise price $
3,000,000	May 26, 2021	4.16	0.05

During the nine months ended March 31, 2017, 873,250 warrants expired unexercised.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

Key management personnel compensation, including senior officers and directors of the Company:

	For the nine months ended	
	March 31, 2017	March 31, 2016
	$	$
Salary and benefits	**-**	48,364

6. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise from the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated to cash and other receivables. The carrying amounts of assets represent the maximum credit exposure. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with institutions of high credit worthiness. Management believes that credit risk related to these amounts are nominal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short-term business requirements, after taking into account cash flows from operations, expected capital expenditures and its holdings of cash. In the long term, the Company may have to issue additional shares to ensure there is cash available on demand for its programs. All short-term financial liabilities, being accounts payable and accrued liabilities, are payable within a 90-day period and are to be funded from cash on hand.

Market risk

Interest rate risk

The Company is exposed to interest rate risk on its outstanding cash reserves. The Company's policy is to invest cash at fixed and floating interest rates in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Company monitors this exposure and does not enter into any derivative contracts to manage this risk. The Company's interest rate risk mainly arises from the interest rate impact on its cash. Based on cash balance as at March 31, 2017, with other variables unchanged, a 1% change in the interest rate would have a nominal impact to net loss. The Company's financial liabilities are not exposed to interest rate risk.

(Expressed in Canadian dollars – Unaudited)

6. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Foreign currency risk

The Company previously operated in the United States and was exposed to foreign currency risk relating to United States dollars, from purchases and loans that are denominated in currencies other than the respective functional currencies of the Company's subsidiary. The Company's subsidiary had a United States dollar functional currency, with net assets that are exposed to foreign currency translation risk. The Company's subsidiary was sold during the nine months ended March 31, 2017 and the Company's foreign exchange risk is now minimal.

Fair value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 - *Financial Instruments: Fair Value Measurement* ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company's financial instruments include cash, other receivables, and accounts payable and accrued liabilities. There have been no changes in levels during the period.

The significance of the inputs used in determining fair value measurements of the Company's financial instruments is provided below:

		March 31, 2017			
	Category	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	FVTPL	122,157	122,157	-	-

		June 30, 2016			
	Category	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	FVTPL	219,793	219,793	-	-

The fair value of cash approximates its carrying value. There have been no changes in levels throughout the period.

7. CAPITAL MANAGEMENT

The Company manages its cash, share capital and share purchase warrants as capital. It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company's investment policy is to hold cash with institutions of high credit worthiness, in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions. There has been no change in the Company's capital management during the period.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of non-cash financing activities for the nine months ended:

	March 31 2017 $	**March 31 2016** $
Interest paid	-	27,726
Interest received	-	(794)