

# **Relentless Resources Ltd.**

*Condensed Interim Financial Statements*

**(Unaudited)**

*For the three and nine months ended*

*September 30, 2016 and 2015*

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL RESULTS**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company as at, and for the three and nine months ended September 30, 2016 and 2015, have been prepared in accordance with IFRS and are the responsibility of the Company's management. The interim financial statements and related financial reporting matters have been reviewed and approved by the Audit Committee. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2016 and 2015 in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

# Relentless Resources Ltd.

## Condensed Interim Statements of Financial Position

As at  
(Unaudited)

	Note	September 30, 2016	December 31, 2015
<b>Assets</b>			
Current			
Cash		\$ -	\$ 600,000
Accounts receivable		203,203	581,683
Prepaid expenses and deposits		50,520	29,162
		253,723	1,210,845
Property, plant and equipment	5	9,842,695	10,497,742
		\$ 10,096,418	\$ 11,708,587
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 378,869	\$ 611,487
Bank debt	6	2,554,485	3,276,531
Flow through share premium	8	393,750	393,750
Current portion of decommissioning obligations	7	95,773	95,773
		3,422,877	4,377,541
Decommissioning obligations	7	4,182,882	4,068,646
		7,605,759	8,446,187
Shareholders' equity			
Share capital	8	13,954,981	13,969,981
Contributed surplus	11	1,474,236	1,474,236
Deficit		(12,938,558)	(12,181,817)
		2,490,659	3,262,400
		\$ 10,096,418	\$ 11,708,587

SIGNED ON BEHALF OF THE BOARD

"Dan Wilson"  
Director

"Murray Frame"  
Director

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

# Relentless Resources Ltd.

## Condensed Interim Statements of Comprehensive Loss (Unaudited)

	Note	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
<b>Revenue</b>					
Oil and natural gas sales	14	\$ 465,381	\$ 825,321	\$ 1,423,622	\$ 2,718,635
Royalties		(57,532)	(99,679)	(117,347)	(378,040)
Net revenue		407,849	725,642	1,306,275	2,340,595
Other income		-	112,365	-	279,031
		407,849	838,007	1,306,275	2,619,626
<b>Expenses</b>					
Production, operating and transportation		196,061	382,359	701,384	1,203,671
General and administrative		117,095	142,395	372,990	441,451
Finance expense		40,491	42,083	148,955	122,982
Depletion and depreciation	5	217,640	399,226	683,912	1,251,567
Impairment	5	16,557	1,158,028	155,775	1,669,426
Share based compensation	10	-	-	-	132,027
		587,844	2,124,091	2,063,016	4,821,124
<b>Comprehensive loss for the period</b>		\$ (179,995)	\$ (1,286,084)	\$ (756,741)	\$ (2,201,498)
Comprehensive loss per share, basic and diluted	12	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.03)

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

# Relentless Resources Ltd.

## Condensed Interim Statements of Changes in Shareholders' Equity (Unaudited)

	Note	September 30, 2016 Number	Amount	September 30, 2015 Number	Amount
<b>Share capital</b>					
Balance, beginning of period		70,061,595	\$ 13,969,981	63,759,095	\$ 13,413,878
Exercise of stock options	8	-	-	677,500	84,685
Share issuance costs	8	-	(15,000)	-	-
Share capital, end of period		70,061,595	13,954,981	64,436,595	13,498,563
<b>Warrants</b>					
Balance, beginning of period		2,142,856	-	2,142,856	-
Warrants, end of period		2,142,856	-	2,142,856	-
<b>Contributed surplus</b>					
Balance, beginning of period		-	1,474,236	-	1,359,145
Exercise of stock options		-	-	-	(16,936)
Share based compensation expense	10	-	-	-	132,027
Contributed surplus, end of period		-	1,474,236	-	1,474,236
<b>Deficit</b>					
Balance, beginning of period		-	(12,181,817)	-	(9,586,781)
Comprehensive loss for the period		-	(756,741)	-	(2,201,498)
Balance, end of period		-	(12,938,558)	-	(11,788,289)
Total Shareholders' equity, end of period		-	\$ 2,490,659	-	\$ 3,184,520

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

# Relentless Resources Ltd.

## Condensed Interim Statements of Cash Flows (Unaudited)

	Note	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
<b>Cash provided by (used in) operating activities:</b>					
<b>Comprehensive loss for the period</b>		\$ (179,995)	\$ (1,286,084)	\$ (756,741)	\$ (2,201,498)
Adjustments for:					
Other income		-	(112,365)	-	(279,031)
Depletion and depreciation	5	217,640	399,226	683,912	1,251,567
Impairment	5	16,557	1,158,028	155,775	1,669,426
Share based compensation	10	-	-	-	132,027
Accretion	7	13,332	16,886	43,882	86,659
Change in non-cash working capital	13	50,212	(24,217)	113,506	(43,095)
<b>Cash provided by operating activities</b>		<b>117,746</b>	<b>151,474</b>	<b>240,334</b>	<b>616,055</b>
<b>Cash provided by (used in) investing activities:</b>					
Additions to property, plant and equipment	5	(28,310)	(1,050,245)	(114,286)	(5,137,242)
Change in non-cash working capital	13	4,177	(46,246)	10,998	(131,667)
<b>Cash (used in) investing activities</b>		<b>(24,133)</b>	<b>(1,096,491)</b>	<b>(103,288)</b>	<b>(5,268,909)</b>
<b>Cash (used in) provided by financing activities:</b>					
Proceeds from (repayment of) bank debt	6	(93,613)	877,267	(722,046)	2,954,320
Issuance of common shares, net	8	-	67,750	(15,000)	67,750
<b>Cash (used in) provided by financing activities</b>		<b>(93,613)</b>	<b>945,017</b>	<b>(737,046)</b>	<b>3,022,070</b>
Change in cash		-	-	(600,000)	(1,630,784)
Cash, beginning of period		-	-	600,000	1,630,784
Cash, end of period		\$ -	\$ -	\$ -	\$ -
Interest paid		\$ 27,159	\$ 25,197	\$ 105,073	\$ 36,323

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

# Relentless Resources Ltd.

Notes to Condensed Interim Financial Statements  
Three and nine months ended September 30, 2016 and 2015  
(Unaudited)

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## 1. Reporting entity

Relentless Resources Ltd. (“Relentless” or the “Company”) is an Alberta incorporated TSX Venture Exchange listed oil and natural gas exploration and production company whose business activities are focused in Alberta, Canada. The Company has no subsidiaries. The Company’s head office address is Suite 320, 700-4<sup>th</sup> Avenue SW, Calgary, Alberta T2P 3J4.

## 2. Basis of preparation

### (a) Statement of compliance:

These condensed interim financial statements have been prepared by management and reported in Canadian dollars in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015 which have been prepared in accordance with IFRS as issued by IASB. The Company’s annual reports are available on SEDAR at [www.sedar.com](http://www.sedar.com).

These condensed interim financial statements were approved authorized for issuance by the Company’s Board of Directors on November 22, 2016.

The financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue operation in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The ability of the Company to continue as a going concern is dependent on achieving future profitable operations and obtain additional financing to continue the development of the Company’s properties to meet current and future obligations. If, for any reason, the Company is unable to continue as a going concern, it could impact the Company’s ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the financial statements.

### (b) Estimates and judgements:

The timely preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2015.

## 3. Significant accounting policies

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the audited financial statements for the year ended December 31, 2015.

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## *Accounting standards issued but not yet applied*

- IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The standard provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. Relentless is currently evaluating the impact of the standard on the Company's financial statements.
- IFRS 9 Financial Instruments was issued in July 2014 and is intended to replace IAS 39, Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Relentless is currently evaluating the impact of the standard on the Company's financial statements.
- IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right-of-use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. Relentless is currently evaluating the impact of the standard on the Company's financial statements.
- In April 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows" and IAS 12 "Income Taxes" for annual periods beginning on or after January 1, 2017, with earlier application permitted. IAS 7 and IAS 12 have been revised to incorporate amendments issued by the IASB in January 2016. The amendments to IAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments to IAS 12 clarify how to account for deferred tax assets related to debt instruments measured at fair value. Relentless is currently evaluating the impact of the standard on the Company's financial statements.

## **4. Financial risk management**

The main financial risks affecting the Company are as follows:

### (a) Credit Risk:

Credit risk is the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production and the Company could be at risk for up to 55 days of production from any marketer. The Company sells its production to one petroleum marketer and one natural gas marketer so that the exposure to any one entity is minimized. Oil sales make up 81% of the Company's revenue and natural gas makes up the remaining 19% of revenue. The Company

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historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint arrangement receivables are typically collected within one month of the joint arrangement bill being issued to the partner. The Company attempts to mitigate the risk from joint arrangement receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint arrangement partners; it may cash call a partner in advance of the work being performed. The Company establishes an allowance for doubtful accounts as determined by management based on their assessment of collection.

The maximum exposure to credit risk at the financial position date was equal to the carrying value of accounts receivable. As of September 30, 2016 and 2015, all receivables were current and there were no receivables provided for or written off during the period.

(b) Market Risk:

Market risk consists of commodity price, foreign currency and interest rate risks.

(i) Commodity Price Risk:

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world economic events that dictate the levels of supply and demand, as well as the relationship between the Canadian and US dollar.

The Company is exposed to the risk of declining prices for production resulting in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, thus compromising the Company's capacity to grow production while at the same time replacing continuous production declines from existing properties. Bank financing available to the Company is in the form of a production loan, which is reviewed quarterly, and which is based on future cash flows and commodity price forecasts. Changes to commodity prices will have an effect on credit available to the Company under its banking agreement.

(ii) Foreign Currency Exchange Risk:

Foreign currency exchange rate risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no forward exchange rate contracts or foreign denominated assets or liabilities in place as at or during the periods ended September 30, 2016 and 2015.

(iii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest.

(c) Fair value measurements:

The carrying value of cash is measured using level 1 inputs, accounts receivable, accounts payable and accrued liabilities included on the statement of financial position approximate their fair values due to the short-term nature of those instruments.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2



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valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

## 5. Property, plant and equipment (PP&E)

		<b>PP&amp;E Assets</b>
<b>Assets</b>		
Balance at December 31, 2014	\$	13,417,549
Additions		5,184,786
Change in decommissioning obligations		308,496
Balance at December 31, 2015		18,910,831
Additions		114,286
Change in decommissioning obligations		70,354
Balance at September 30, 2016	\$	19,095,471
<b>Depletion, depreciation and impairment</b>		
Balance at December 31, 2014	\$	(5,119,090)
Impairment		(1,903,931)
Depletion and depreciation		(1,390,068)
Balance at December 31, 2015		(8,413,089)
Impairment		(155,775)
Depletion and depreciation		(683,912)
Balance at September 30, 2016	\$	(9,252,776)
<b>Net book value</b>		
Balance at December 31, 2014	\$	8,298,459
Balance December 31, 2015	\$	10,497,742
Balance at September 30, 2016	\$	9,842,695

### (a) Collateral:

At September 30, 2016, all of the Company's oil and natural gas properties are pledged as collateral for the bank debt.

### (b) Depletion:

At September 30, 2016, estimated future costs to develop the proved plus probable reserves of \$5,008,800 (September 30, 2015 - \$108,000) were added to property, plant and equipment for depletion and depreciation purposes.

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(c) Impairments:

During the year ended December 31, 2015, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$1,903,931 on the Gordondale, Peace River Arch and Willesden Green CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The PP&E assets were written down to their recoverable amount based on the future value of cash flows less costs to sell.

At March 31, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$122,866 on the Hayes, Gordondale, Peace River Arch and Willesden Green CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows.

At June 30, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$16,352 on the Hayes, Gordondale, Peace River Arch and Willesden Green CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows.

At September 30, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$16,557 on the Hayes, Peace River Arch and Willesden Green CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows.

## 6. Demand operating facilities

As at September 30, 2016, the Company had a \$3,000,000 demand operating loan facility, subject to the banks' annual review of the Company's petroleum and natural gas properties. The facility is available until May 31, 2017, at which time it may be extended, at the lenders option. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 1.5 percent. The credit facility is secured by a general security agreement and a first ranking charge on all lands of the Company. Under the terms of the facility, the Company is required to maintain a working capital ratio of not less than 1:1. The working capital ratio is calculated as accounts receivable plus prepaid expenses and the undrawn balance of the loan facility, divided by accounts payable. The Company's working capital ratio at September 30, 2016 was 1.5:1. As at September 30, 2016, the Company had drawn \$2,554,485 on this loan facility.

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## 7. Decommissioning obligations

A reconciliation of the decommissioning obligations is provided below:

	<b>Nine months ended September 30, 2016</b>	Year ended December 31, 2015
Balance, beginning of period	\$4,164,419	\$3,791,022
Additions	-	269,958
Dispositions	(174,125)	-
Change in estimate	244,479	38,536
Accretion	43,882	64,901
Balance, end of period	<u>4,278,655</u>	4,164,419
Less current portion of decommissioning obligations	<u>(95,773)</u>	(95,773)
Non-current decommissioning obligations	<u>\$4,182,882</u>	\$4,068,646

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites, facilities and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. An average risk-free rate of 0.79% (December 31, 2015 – 0.97%) and an inflation rate of 2.00% (December 31, 2015 – 2.00%) were used to calculate the net present value of the decommissioning obligations. Accretion expense is included in finance expense on the statement of comprehensive loss.

## 8. Share capital

### (a) Authorized

The authorized share capital of the Company is comprised of an unlimited number of voting common shares and preferred shares.

The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. All common shares are of the same class with equal rights and privileges.

### (b) Issued

	<b>Nine months ended September 30, 2016</b>		Year ended December 31, 2015	
	Shares	Amount	Shares	Amount
Balance, beginning of period	70,061,595	\$13,969,981	63,759,095	\$13,413,878
Exercise of stock options	-	-	677,500	84,685
Issuance of common shares	-	-	5,625,000	900,000
Flow through share premium	-	-	-	(393,750)
Share issuance costs	-	(15,000)	-	(34,832)
Balance, end of period	<u>70,061,595</u>	<u>\$13,954,981</u>	70,061,595	\$13,969,981

On December 18, 2015, Relentless closed a non-brokered private placement for gross proceeds of \$900,000. The Company issued 5,625,000 common shares on a flow-through basis at 16 cents per share for gross proceeds of \$900,000. Share issuance costs were \$49,832 resulting in net proceeds of \$850,168.

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As a result of the flow-through share issuance in December of 2015, the Company recorded a flow-through share premium liability of \$393,750 with an offsetting adjustment to share capital. At September 30, 2016, the Company has a commitment to spend \$900,000 on eligible flow through expenditures before December 31, 2016.

## 9. Warrants

	Three and nine months ended September 30, 2016		Year ended December 31, 2015	
	Warrants	Amount	Warrants	Amount
Balance, beginning of period	2,142,856	-	2,142,856	-
Balance, end of period	2,142,856	-	2,142,856	-

As at September 30, 2016, 2,142,856 warrants (2015 – 2,142,856) were outstanding.

## 10. Share based compensation

### Stock options

The Company has a stock option plan (the “Plan”) for its officers, directors, employees and consultants. Under the Plan, the Company may grant options for up to 10% of the outstanding common shares. The options have a five year term and vest immediately. The exercise price of each option granted equals the market price of the Company’s stock immediately preceding the date of grant. The policies of the TSXV require “rolling” stock option plans to be approved on an annual basis by the shareholders of a listed issuer. The number and weighted average exercise prices of share options for the three months ended September 30, 2016 and 2015 are as follows:

	Nine months ended September 30, 2016		Year ended December 31, 2015	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of period	5,698,410	\$0.22	5,246,080	\$0.208
Exercised	-	-	(677,500)	0.10
Granted	-	-	1,129,830	\$0.145
Cancelled	(5,698,410)	0.22	-	-
Outstanding and exercisable, end of period	-	-	5,698,410	\$0.22

The Company's board of directors approved the following issuance of stock options. The options vest immediately and are being issued to Officers and Directors of the Company in accordance with the Company's stock option plan:

- April 27, 2015 - options to purchase 1,129,830 common shares of the Company at a price of \$0.145 per share, exercisable until April 27, 2020.

On September 15, 2015, certain consultants, and Directors exercised 677,500 stock options at a price of \$0.10 per share for proceeds of \$67,750.

On February 4, 2016, the Company cancelled a total of 5,698,410 incentive stock options, granted under the

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Company's stock option plan to certain officers, directors, employees and consultants of the Company. The cancelled options were voluntarily surrendered by the holders thereof for no consideration. The exercise prices of the cancelled options ranged from 14 cents to 30 cents per common share. Following the cancellation of the options, the Company has no options outstanding.

## 11. Contributed surplus

	<b>Nine months ended September 30, 2016</b>	Year ended December 31, 2015
Balance, beginning of period	\$1,474,236	\$1,359,145
Exercise of stock options	-	(16,936)
Share based compensation	-	132,027
<b>Balance, end of period</b>	<b>\$1,474,236</b>	<b>\$1,474,236</b>

## 12. Loss per share

	<b>Three months ended September 30, 2016</b>	Three months ended September 30, 2015
Net and comprehensive loss for the period	(\$179,995)	(\$1,286,084)
Net and comprehensive loss per share, basic and diluted	(\$0.00)	(\$0.02)
<b>Weighted average shares outstanding</b>	<b>70,061,595</b>	<b>63,869,557</b>

	<b>Nine months ended September 30, 2016</b>	Nine months ended September 30, 2015
Net and comprehensive loss for the period	(\$756,741)	(\$2,201,498)
Net and comprehensive loss per share, basic and diluted	(\$0.01)	(\$0.03)
<b>Weighted average shares outstanding</b>	<b>70,061,595</b>	<b>63,796,320</b>

## 13. Supplemental cash flow information

	<b>Three months ended September 30, 2016</b>	Three months ended September 30, 2015
Change in non-cash working capital items:		
Accounts receivable	\$22,470	\$386,038
Prepaid expenses and deposits	34,989	26,038
Accounts payable and accrued liabilities	(3,070)	(482,540)
	<b>\$54,389</b>	<b>(\$70,464)</b>
Amount related to operating activities	50,212	(\$24,217)
Amount related to investing activities	4,177	(46,247)
	<b>\$54,389</b>	<b>(\$70,464)</b>

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	<b>Nine months ended September 30, 2016</b>	Nine months ended September 30, 2015
<hr/>		
Change in non-cash working capital items:		
Accounts receivable	<b>\$378,480</b>	\$301,038
Prepaid expenses and deposits	<b>(21,358)</b>	(46,771)
Accounts payable and accrued liabilities	<b>(232,618)</b>	(429,029)
	<b>\$124,504</b>	(\$174,762)
<hr/>		
Amount related to operating activities	<b>\$113,506</b>	(\$43,095)
Amount related to investing activities	<b>10,998</b>	(131,667)
	<b>\$124,504</b>	(\$174,762)

## 14. Revenue by product

	<b>Three months ended September 30, 2016</b>	Three months ended September 30, 2015
Oil and NGL revenue	<b>\$381,558</b>	\$694,579
Natural gas revenue	<b>83,823</b>	130,742
Total revenue	<b>\$465,381</b>	\$825,321
<hr/>		
	<b>Nine months ended September 30, 2016</b>	Nine months ended September 30, 2015
Oil and NGL revenue	<b>\$1,147,873</b>	\$2,154,125
Natural gas revenue	<b>275,749</b>	564,410
Total revenue	<b>\$1,423,622</b>	\$2,718,635