

AUSTPRO ENERGY CORPORATION

FINANCIAL STATEMENTS

**For the six months ended December 31, 2016
(In Canadian Dollars)**

(Unaudited)

**AUSTPRO ENERGY CORPORATION
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016
(In Canadian Dollars)**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, 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 interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an auditor.

AUSTPRO ENERGY CORPORATION
STATEMENTS OF FINANCIAL POSITION
(In Canadian Dollars)
AS AT

	December 31, 2016	June 30, 2016
	(Unaudited)	(Audited)
ASSETS		
Current		
Cash	\$ 5,014	\$ 3,412
Accounts receivables	1,555	2,891
Security deposit	<u>5,545</u>	<u>5,545</u>
Total current assets	12,114	11,848
 Total assets	 \$ 12,114	 \$ 11,848
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 146,837	\$ 154,825
Advances repayable to shareholders	<u>65,773</u>	<u>25,172</u>
	212,610	179,997
Shareholders' deficiency		
Share Capital (Note 6)	3,517,195	3,517,195
Deficit	<u>(3,717,691)</u>	<u>(3,685,344)</u>
	<u>(200,496)</u>	<u>(168,149)</u>
	\$ 12,114	\$ 11,848

Nature and basis of presentation (Note 1)

On behalf of the Board:

"Edward Odishaw " Director *"Michael Byrne "* Director

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

AUSTPRO ENERGY CORPORATION**INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2016**

(In Canadian Dollars)

With comparative figures for 2015

(Unaudited)

	Three Month Period Ended December 31, 2016	Three Month Period Ended December 31, 2015	Six Month Period Ended December 31, 2016	Six Month Period Ended December 31, 2015
EXPENSES				
Administration	\$ 1,250	\$ 1,250	\$ 2,000	\$ 2,000
Audit and legal	2,662	2,400	4,537	4,275
Office and miscellaneous	665	2,012	2,294	4,354
Rent	8,318	6,200	16,636	15,500
Regulatory and shareholder costs	<u>3,656</u>	<u>4,185</u>	<u>5,450</u>	<u>5,951</u>
Loss before other item	(16,551)	(16,047)	(30,917)	(32,080)
Exchange gain (loss)	<u>(1,060)</u>	<u>(1,525)</u>	<u>(1,430)</u>	<u>(4,672)</u>
Loss and comprehensive loss for the period	<u>(17,611)</u>	<u>(17,572)</u>	<u>(32,347)</u>	<u>(36,752)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	21,340,814	20,391,078	21,340,814	20,391,078

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

AUSTPRO ENERGY CORPORATION
INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2016
(In Canadian Dollars)
With comparative figures for 2015
(Unaudited)

	Three Month Period Ended December 31, 2016	Three Month Period Ended December 31, 2015	Six Month Period Ended December 31, 2016	Six Month Period Ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (17,611)	\$ (17,572)	\$ (32,347)	\$ (36,752)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	1,912	(933)	1,336	(1,596)
Increase (decrease) in accounts payable and accrued liabilities	<u>(7,751)</u>	<u>4,369</u>	<u>(7,988)</u>	<u>12,794</u>
Net cash used in operating activities	<u>(23,450)</u>	<u>(14,136)</u>	<u>(38,999)</u>	<u>(25,554)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from shareholders	<u>28,323</u>	<u>14,647</u>	<u>40,601</u>	<u>26,065</u>
Cash flows from financing activities	<u>28,323</u>	<u>14,647</u>	<u>40,601</u>	<u>26,065</u>
Change in cash during the period	4,873	511	1,602	511
Cash, beginning of period	<u>141</u>	<u>71</u>	<u>3,412</u>	<u>71</u>
Cash, end of period	5,014	582	\$ 5,014	\$ 582
Cash paid for interest	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -

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

AUSTPRO ENERGY CORPORATION
INTERIM STATEMENT OF CHANGES IN EQUITY
(In Canadian Dollars)
(Unaudited)

	Number of Shares	Capital Stock	Deficit	Total Shareholders Deficiency
June 30, 2015	20,391,078	3,512,446	(3,661,590)	(149,144)
Loss for the period			(36,752)	(36,752)
December 31, 2015	20,391,078	\$ 3,512,446	\$ (3,698,342)	\$ (185,896)
June 30, 2016	21,340,814	3,517,195	(3,685,344)	(168,149)
Loss for the period			(32,347)	(32,347)
December 31, 2016	21,340,814	\$ 3,517,195	\$ (3,717,691)	\$ (200,496)

The accompanying notes are an integral part of these financial statements

AUSTPRO ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016
(In Canadian Dollars)
(Unaudited)

1. GENERAL BUSINESS DESCRIPTION AND GOING CONCERN

Austpro Energy Corporation (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on June 1, 1972. The principal business of the company is identification and evaluation of business opportunities of alternative energy sources. The Company is listed on the TSX Venture Exchange’s NEX board, having the symbol AUS.H. The address of the Company’s corporate office and principal place of business is Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X2.

The Company was inactive during the time period covered by these financial statements.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2016, the Company had a working capital deficit of \$200,496 and has an accumulated deficit of \$3,717,691 and no source of revenue. Furthermore, the Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent on its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PREPARATION

These interim condensed financial statements have been prepared on a historical cost basis. The interim condensed financial statements are presented in Canadian dollars which is the functional currency of the Company.

These interim financial statements follow the same accounting policies and methods of computation as compared with the most recent fiscal financial statements, being for the year ended June 30, 2016 and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Accordingly, these interim financial statements should be read in conjunction with the Company’s most recent audited fiscal financial statements. The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as at February 27, 2017, the date the financial statements were approved by the Board of Directors.

3. SIGNIFICANT ACCOUNT JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

AUSTPRO ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016
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4. RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards as discussed in the Company's June 30, 2016 audited financial statements have been published but are not yet effective, and have not been adopted early by the Company. It is not expected that any of these proposed standards will have a significant effect on the financial statements.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in the Company's June 30, 2016 audited financial statements.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- c. Level 3 – inputs that are not based on observable market data.

	Financial assets and liabilities at fair value			December 31, 2016
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 5,014	-	-	\$ 5,014
Advances repayable to shareholders	-	\$ 65,773	-	\$ 65,773

The fair values of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and Advances repayable to shareholder approximate their carrying values due to their short term nature.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures.

Significant cash commitments in years subsequent to December 31, 2016 are as follows:

	1 year	2 years	3 years	Total
Accounts payable and accrued liabilities	\$ 146,837	\$ -	\$ -	\$ 146,837
Advances repayable to shareholders	65,773	-	-	65,773

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016
(In Canadian Dollars)
(unaudited)

6. SHARE CAPITAL

Authorized

Unlimited number of Common shares of no par value

Unlimited number of First preferred shares of no par value

Issued and outstanding	Number of Common Shares	Amount
Balance as of December 31, 2016 and June 30, 2016	21,340,814	\$3,517,195

7. RELATED PARTY TRANSACTIONS

During the six month period ended December 31, 2016, the Company received advances from directors in the amount of \$40,601 (2015 – \$26,065). These advances totalling \$65,773 at December 31, 2016 are repayable on demand, are non-interest bearing, have no specific asset pledged as security and include amounts owing towards reimbursement of actual expenditures incurred by the directors on the Company's behalf.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. CAPITAL RISK MANAGEMENT

The Company manages its common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

To date, the Company has relied primarily upon the sale of its common shares and incurred loans to provide working capital for business activities and to fund the administration of the Company. Due to current market condition there can be no assurance that additional financing will be available to the Company when required.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.