

Condensed Interim Consolidated Financial Statements of

Simba Essel Energy Inc.  
(Formerly Simba Energy Inc.)

As at March 31, 2017 and 2016

(Unaudited)

**Notice of No Review by Auditor**

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In accordance with National Instrument 51-102 Part 4, *Continuous Disclosure Obligations*, subsection 4.3(3)(a), **WE HEREBY GIVE NOTICE** that our condensed consolidated financial statements for the interim period ended March 31, 2017 which follows this notice, have not been reviewed by an auditor.

**SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Condensed Interim Consolidated Statement of Financial Position

March 31, 2017 and June 30, 2016

Stated in Canadian Dollars

(Unaudited - Prepared by Management)

	<u>March 31</u> 2017	<u>June 30</u> 2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 127,223	\$ 444,792
Recoverable sales tax	20,180	24,953
Accounts receivable	13,650	13,650
Prepaid expenses	26,020	38,780
	<u>187,073</u>	<u>522,175</u>
Non-current assets		
Exploration and evaluation assets (Note 3)	9,850,665	9,417,612
Equipment (Note 4)	9,457	17,944
	<u>9,860,122</u>	<u>9,435,556</u>
	<u>\$ 10,047,195</u>	<u>\$ 9,957,731</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 805,721	\$ 2,224,148
Due to related parties (Note 6)	1,265,529	393,433
	<u>2,071,250</u>	<u>2,617,581</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	32,449,239	31,979,586
Share subscriptions receivable	-	(1,063,654)
Reserves	3,374,560	3,393,013
Deficit	(27,847,854)	(26,968,795)
	<u>7,975,945</u>	<u>7,340,150</u>
	<u>\$ 10,047,195</u>	<u>\$ 9,957,731</u>

**Nature and Continuance of Operations (Note 1)****Commitments (Note 9)****Subsequent events (Note 11)**

Approved by:

``Robert Dinning`` , Director  
**Robert Dinning**

``John Burns`` , Director  
**John Burns**

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

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**SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Condensed Interim Consolidated Statements of Operations

For the nine month periods ended March 31, 2017 and 2016

Stated in Canadian dollars

(Unaudited - Prepared by Management)

<b>For the Period Ended March 31</b>	<u>3 month period</u>		<u>9 month period</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Operating expenses</b>				
Amortization	\$ 2,829	3,615	\$ 8,487	\$ 10,845
Consulting fees	18,353	(32,000)	36,353	61,119
Interest and bank charges	696	822	1,699	2,463
Investor communication, trade shows and web site	11,326	46,686	45,014	150,159
Management fees (Note 6)	72,000	72,000	282,000	216,000
Office and miscellaneous	25,732	90,022	137,271	204,318
Professional fees	20,430	77,098	91,446	107,458
Project investigation costs	145,925	12,000	245,394	25,373
Transfer agent and regulatory fees	-	17,990	21,733	57,081
Travel	4,467	(15,133)	9,662	62,817
<b>Loss from operations</b>	<u>(301,758)</u>	<u>(273,100)</u>	<u>(879,059)</u>	<u>(897,633)</u>
<b>Net loss and comprehensive loss for the period</b>	<u>\$ (301,758)</u>	<u>\$ (273,100)</u>	<u>\$ (879,059)</u>	<u>\$ (897,633)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding				
- Basic and Diluted	<u>386,838,465</u>	<u>329,047,458</u>	<u>383,582,053</u>	<u>307,461,999</u>

**SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Condensed Interim Consolidated Statements of Equity

For the period from June 30, 2015 to March 31, 2017

Stated in Canadian dollars

(Unaudited - Prepared by Management)

	Share capital		Share subscriptions received (receivable)	Reserves	Treasury Shares	Deficit	Total Shareholder's Equity
	Number of Shares	Amount \$					
<b>Balance, June 30, 2015</b>	<b>296,544,268</b>	<b>\$ 27,737,991</b>	<b>\$ -</b>	<b>\$ 3,400,714</b>	<b>\$ (18,000)</b>	<b>\$ (24,740,724)</b>	<b>\$ 6,379,981</b>
Units issued for cash at \$.05	85,014,975	4,250,749	(1,063,654)	-	-	-	3,187,095
Share issue costs	-	(30,655)	-	-	-	-	(30,655)
Options exercised at \$0.06	530,000	31,800	-	-	-	-	31,800
Fair value adjustment	-	7,701	-	(7,701)	-	-	-
Treasury shares returned and cancelled	(100,000)	(18,000)	-	-	18,000	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(2,228,071)	(2,228,071)
<b>Balance June 30, 2016</b>	<b>381,989,243</b>	<b>31,979,586</b>	<b>(1,063,654)</b>	<b>3,393,013</b>	<b>-</b>	<b>(26,968,795)</b>	<b>7,340,150</b>
Share subscriptions received	-	-	1,063,654	-	-	-	1,063,654
Options exercised at \$0.06	1,270,000	76,200	-	-	-	-	76,200
Fair value adjustment	-	18,453	-	(18,453)	-	-	-
Warrants exercised at \$0.05	7,500,000	375,000	-	-	-	-	375,000
Net loss and comprehensive loss for the nine months ended March 31, 2017	-	-	-	-	-	(879,059)	(879,059)
<b>Balance, March 31, 2017</b>	<b>390,759,243</b>	<b>\$ 32,449,239</b>	<b>\$ -</b>	<b>\$ 3,374,560</b>	<b>\$ -</b>	<b>\$ (27,847,854)</b>	<b>\$ 7,975,945</b>

**SIMBA ESSEL ENERGY INC.**  
(Formerly Simba Energy Inc.)  
Interim Consolidated Statements of Cash Flows  
For the nine month periods ended March 31, 2017 and 2016  
Stated in Canadian dollars  
(Unaudited - Prepared by Management)

<b>For the Nine Months Ended March 31</b>	<u>2017</u>	<u>2016</u>
<b>Cash Flows used in Operating Activities</b>		
Net loss for the period	\$ (879,059)	\$ (897,633)
Items not affecting cash		
Amortization	8,487	10,845
Expenses paid by related party	280,500	-
Net change in non-cash working capital items		
Recoverable sales tax	4,773	(1,857)
Prepaid expenses	12,760	83,422
Accounts payable and accrued liabilities	(90,333)	(4,722)
Due to related parties	15,402	89,656
	<u>(647,470)</u>	<u>(720,289)</u>
<b>Cash Flows from Financing Activities</b>		
Cash from options exercised	76,200	31,800
Cash from warrants exercised	375,000	-
Share subscriptions received in cash	43,814	1,695,749
	<u>495,014</u>	<u>1,727,549</u>
<b>Cash Flows used in Investing Activities</b>		
Exploration expenditures	(165,113)	(846,397)
	<u>(165,113)</u>	<u>(846,397)</u>
<b>Increase (decrease) in cash</b>	(317,569)	160,863
<b>Cash, beginning of period</b>	444,792	4,883
<b>Cash, end of period</b>	<u>\$ 127,223</u>	<u>\$ 165,746</u>

**Supplemental Disclosure of Cash Flow Information Note 8**

## **SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2017 and 2016

Stated in Canadian dollars

(Unaudited - Prepared by Management)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Simba Essel Energy Inc. (the “Company”) was incorporated under the laws of the Province of British Columbia. Its principal business activity includes the acquisition and exploration of resource properties. The Company’s head office and principal address is at Suite 210, 905 West Pender Street, Vancouver, British Columbia, V6C 3L6. Effective April 24, 2017, the Company changed its name from Simba Energy Inc. to Simba Essel Energy Inc.

The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon profitable production.

As disclosed in Note 3, the Company entered into an agreement whereby an entity has agreed to fund all exploration and evaluation expenditures on current and future Production Sharing Contracts (“PSC”) or similar rights to explore. Although this effectively eliminates funding for exploration and evaluation expenditures, the Company has administrative commitments not covered by the agreement. In order for the Company to meet these liabilities as they come due and to continue its operations, the Company will need to raise funds through private placements or the exercise of stock options and/or warrants.

Although the Company has been successful in raising capital by those means in the past, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company has incurred losses since inception and has a working capital deficiency as at March 31, 2017. These material uncertainties may cast significant doubt upon the ability of the Company to continue as a going concern.

	March 31	June 30
	2017	2016
Deficit	\$ (27,847,854)	\$ (26,968,795)
Working capital (deficiency)	(1,884,177)	(2,095,406)

### **2. COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”). The condensed interim consolidated financial statements were approved by the board of directors on May 29, 2017.

The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted. The financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions were eliminated upon consolidation.

The Company’s subsidiary companies included in this consolidation are as follows:

**SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

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	Country of Incorporation	Percentage of ownership as of March 31 2017	Percentage of ownership as of June 30 2016
Simba Energy Liberia Inc.	Liberia	100%	90%
Simba Energy Fze.	United Arab Emirates	100%	100%
Simba Africa Rift Energy Ltd.	Kenya	100%	100%
Simba Energy (UK) Ltd.	U.K.	100%	100%
Simba Energy - SUCC	Guinea	100%	100%
Simba Energy Ghana Limited	Ghana	100%	-

These condensed interim financial statements do not include all the notes required for full annual financial statements.

The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2016. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2016.

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended March 31, 2017 and have not been applied in preparing these financial statements. Additionally, there were a number of new standards and amendments to standards and interpretations that came into effect subsequent to the annual statements. However, none of these new accounting pronouncements had any impact on the preparation of these financial statements.

**3. EXPLORATION AND EVALUATION ASSETS**

	Kenya	Guinea	Liberia	Total
2017				
Balance, June 30, 2016	\$ 7,449,261	\$ -	\$ 1,968,351	\$ 9,417,612
Consulting	57,969	-	-	57,969
Field office, travel and other	375,084	-	-	375,084
<b>Balance, March 31, 2017</b>	<b>\$ 7,882,314</b>	<b>\$ -</b>	<b>\$ 1,968,351</b>	<b>\$ 9,850,665</b>

	Kenya	Guinea	Liberia	Total
2016				
Balance, June 30, 2015	\$ 5,773,680	\$ 987,258	\$ 1,968,351	\$ 8,729,289
Consulting	1,094,575	15,890	-	1,110,465
Field office, travel and other	581,006	104,428	-	685,434
Impairment	-	(1,107,576)	-	(1,107,576)
<b>Balance, June 30, 2016</b>	<b>\$ 7,449,261</b>	<b>\$ -</b>	<b>\$ 1,968,351</b>	<b>\$ 9,417,612</b>

## **SIMBA ESSEL ENERGY INC.**

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Notes to the Condensed Interim Consolidated Financial Statements

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### **(a) Kenya**

In August 2011, the Company, through its subsidiary, Simba Africa Rift Energy Ltd., was awarded a Production Sharing Contract (“PSC”) by the Government of Kenya covering Block 2A, which overlies the southern tip of the Mendera Basin in the northern part of the country. There are work commitments (Note 9) required to keep the PSC in good standing.

On June 5, 2015, the Company entered into an agreement with Essel Group Middle East DMCC, (“Essel”) wherein Essel agreed to provide 100% of funding required to carry out an exploration program on all of the Company PSCs including the Kenyan PSC. This 100% funding commitment covers all exploration expenditures including Full Tensor Gradiometry (“FTG”) and seismic surveys and the drilling of two wells. Essel will earn 60% of the Company’s Kenyan subsidiary, Simba Africa Rift Energy Ltd. while the Company will retain 40%.

A definitive agreement was executed on November 27, 2015 and has been approved by the TSX Venture Exchange (“TSX-V”) and the Company’s shareholders. The Government of Kenya also approved the participation of Essel.

### **(b) Guinea**

In July 2011, the Company signed an agreement to acquire a 60% interest in an issued PSC for Blocks 1 & 2 onshore in the Republic of Guinea’s Bove Basin. The Company undertook 100% of the program costs in year one and 60% of the program costs in each year thereafter.

As at June 30, 2016, the negotiations for final approval had not been completed and, without a firm agreement, management impaired the property and wrote down the costs incurred to that date. Going forward, the Company’s preference is 100% ownership of a PSC and is awaiting final approval for an updated PSC on Blocks 1 and 2 onshore in Guinea.

The Company’s work program was suspended in the previous year as a result of the outbreak of a contagious disease.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Should the negotiations with the government of Guinea be successfully completed and 100% of an updated PSC be awarded to the Company’s Guinean subsidiary, Simba Energy – SUCC, Essel will earn 60% of the revenues attributable under the PSC, while the Company will retain 40%.

### **(c) Chad**

The Company received formal ratification of its PSCs in Chad on June 25, 2013. The issuance of the PSCs included a signing bonus which the Company felt was not acceptable. Accordingly, the PSC was suspended but negotiations are currently underway in Chad to resolve this issue so that the PSCs can be restored and a work program can be instituted. As a result of the suspension of the PSC, the Company previously wrote down all costs incurred as at June 30, 2015.

Should the Company successfully complete negotiations to reinstate its PSCs in Chad, the 100% funding commitment from Essel will cover all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Through an earn-in in the Company’s yet to be incorporated Chad subsidiary, Essel will earn 60% of the revenues attributable under the PSC, while the Company will retain 40%.

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**(d) Liberia**

The Company, through its subsidiary, Simba Energy Liberia Inc., acquired a Hydrocarbon Reconnaissance License (“HRL”) covering an onshore area in Liberia. The HRL has since expired but a formal application for a new HRL has been instigated. The negotiations were put on hold during the previous year as the country dealt with an outbreak of a serious contagious disease. The Company executed a new HRL, NR 002, with NOCAL, the governing body on April 10, 2017. This new HRL covers its existing concession area as well as an additional 1,566 square kilometers offshore in shallow water.

**4. EQUIPMENT**

	March 31, 2017			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Field equipment	\$ 106,783	\$ -	\$ 106,783	\$ -
Office equipment	15,562	12,491	-	3,071
Vehicle	45,000	43,319	-	1,681
Computer hardware	32,077	29,182	-	2,895
Computer software	3,875	3,875	-	-
Leasehold improvements	34,553	32,743	-	1,810
	<u>\$ 131,067</u>	<u>\$ 121,610</u>	<u>\$ -</u>	<u>\$ 9,457</u>

	June 30, 2016			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Field equipment	\$ 106,783	\$ -	\$ 106,783	\$ -
Office equipment	15,562	11,948	-	3,614
Vehicle	45,000	42,308	-	2,692
Computer hardware	32,077	27,706	-	4,371
Computer software	3,875	3,875	-	-
Leasehold improvements	34,553	27,286	-	7,267
	<u>\$ 237,850</u>	<u>\$ 113,123</u>	<u>\$ 106,783</u>	<u>\$ 17,944</u>

**SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2017 and 2016

Stated in Canadian dollars

(Unaudited - Prepared by Management)

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	March 31	June 30
	2017	2016
Accounts payable	\$ 746,821	\$ 2,184,148
Accrued liabilities	58,900	40,000
	<u>\$ 805,721</u>	<u>\$ 2,224,148</u>

**6. RELATED PARTY BALANCES AND TRANSACTIONS**

The amounts below represent related party transactions occurring during the nine months ended March 31, 2017 and 2016

Nine months ended March 31	Note	2017	2016
Management fees (to an officer and director)	(i)	\$ 66,000	\$ -
Management fees (to an officer and director)	(ii)	90,000	90,000
Management fees (to an officer and director)	(iii)	90,000	90,000
Management fees (to an officer)	(iv)	36,000	36,000
		<u>\$ 282,000</u>	<u>\$ 216,000</u>

- (i) Management fees paid or accrued to the current Chief Executive Officer.
- (ii) Management fees paid or accrued to the President and former Chief Executive Officer.
- (iii) Management fees paid or accrued to the Managing Director - Operations.
- (iv) Management fees paid or accrued to the Chief Financial Officer.

As at March 31, 2017, the amount due to officers and directors of the Company was \$325,633 (2016 - \$336,392). Of this amount, \$198,783 (2016 - \$138,783) was advanced by an officer of the Company to finance the working capital of the Company. The balance represents unpaid accrued management fees. The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

As at March 31, 2017, Essel had advanced the Company \$939,896. The amounts due are unsecured, non-interest bearing and have no fixed terms of repayment. On May 24, 2017, \$739,845 of the debt has been potentially eliminated by the issuance of 10,569,214 common shares at a deemed value of \$0.07 per share. This transaction is subject to TSX-V approval.

## **SIMBA ESSEL ENERGY INC.**

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Included in the May 31, 2016 private placement, are 34,000,000 units issued to Essel and 4,000,000 issued to a director representing \$1,900,000 in subscriptions. Of that amount, \$200,000 was received in cash from the director, \$636,346 was offset with cash payments or payments made by Essel on behalf of the Company, and the balance of \$1,063,654 was disclosed as share subscriptions receivable from Essel as at June 30, 2016.

Included in the January 21, 2016 private placement are 39,814,975 units for \$1,990,749 issued to officers and directors. Of that amount, 5,900,000 units representing \$295,000 was settled by offsetting amounts due to related parties.

Accounts receivable of \$13,650 represents receivable for the rent of premises from a company with some common management as the Company. This amount was received subsequent to the period end.

### **7. SHARE CAPITAL**

#### **(a) The authorized capital of the Company consists of an unlimited number of common shares without par value**

During the nine months ended March 31, 2017, the Company completed the following share transactions:

7,500,000 warrants were exercised at \$0.05 and 1,270,000 options were exercised at \$0.06. Total gross proceeds received was \$451,200. The fair value of those options was originally determined to be \$18,453 and was credited to reserves at the time of issuance. Upon exercise, this amount was taken out of reserves and added to the value received for shares issued.

Another 17,000,000 warrants were initially exercised but it was later determined that the warrant holder was a related party and could not receive warrants. Accordingly, the transaction was reversed.

During the year ended June 30, 2016, the Company completed the following share transactions:

On May 31, 2016, the Company completed a non-brokered private placement by issuing 43,000,000 units at \$0.05 each for gross proceeds of \$2,150,000. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of \$0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 4,000,000 units, representing \$200,000. Essel subscribed for 34,000,000 units, representing \$1,700,000. Of that amount, \$1,063,654 was outstanding and receivable as at June 30, 2016. The 17,000,000 warrants issued to Essel were later cancelled.

On January 21, 2016, the Company completed a non-brokered private placement by issuing 42,014,975 units at \$0.05 each for gross proceeds of \$2,100,749. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of \$0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 39,814,975 units, representing \$1,990,749. Of that amount, \$295,000 was applied against debt to directors and officers and \$110,000 was applied against debt from unrelated parties. The 2,950,000 warrants issued to directors and officers were later cancelled.

Share issue costs of \$30,655 were incurred with respect to the two private placements.

On October 29, 2015, the 300,000 common shares held in treasury as well as an additional 100,000 common shares were cancelled.

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On September 15, 2015, 530,000 stock options were exercised at \$0.06 per share. The fair value of those options was originally determined to be \$7,701 and was credited to reserves at the time of issuance. Upon exercise, this amount was taken out of reserves and added to the value received for shares issued.

**(b) Stock options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the Company's issued and outstanding shares at the date of grant of options. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options) or such other price as may be agreed to by the Company and accepted by TSX Venture Exchange. Options granted to persons acting in investor relations vest at the rate of 25% on date of grant and 25% every three months thereafter. All other options vest on grant.

The following is a summary of stock option transactions during the nine months ended March 31, 2017 and the year ended June 30, 2016:

	For the 9 month period ended March 31 2017	Weighted average exercise price	For the year ended June 30, 2016	Weighted average exercise price
Balance, beginning of period	15,970,000	\$ 0.08	16,500,000	\$ 0.08
Granted	-	-	-	-
Expired	(350,000)	0.10	-	-
Exercised	(1,270,000)	0.06	(530,000)	0.06
<u>Balance, end of period</u>	<u>14,350,000</u>	<u>\$ 0.08</u>	<u>15,970,000</u>	<u>\$ 0.08</u>

A summary of the status of the Company's outstanding stock options as at March 31, 2017 is as follows:

Options	Number exercisable	Number outstanding	Weighted average remaining contractual life (in yrs)
As At March 31, 2017			
\$0.06	10,000,000	10,000,000	0.29
\$0.12	500,000	500,000	0.12
\$0.13	3,850,000	3,850,000	0.28
	<u>14,350,000</u>	<u>14,350,000</u>	<u>2.06</u>

**(c) Share-based compensation**

For stock options granted to employees, officers, directors and consultants, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black Scholes option pricing model.

No options were granted during the nine months ended March 31, 2017 or the year ended June 30, 2016.

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**(d) Warrants**

The changes in warrants during the nine months ended March 31, 2017 and the year ended June 30, 2016 were as follows:

	For the 9 months ended March 31, 2017	Weighted average exercise price	For the year ended June 30, 2016	Weighted average exercise price
Balance, beginning of period	103,825,497	\$ 0.10	61,318,009	\$ 0.09
Issued	-	-	42,507,488	0.075
Cancelled	(19,643,000)	0.075	-	-
Exercised	(7,500,000)	0.05	-	-
Expired	-	-	-	-
Balance, end of period	76,682,497	\$ 0.09	103,825,497	\$ 0.09

A summary of the status of the Company's outstanding warrants as at March 31, 2017 is as follows:

Outstanding Warrants	Exercise Price	Expiry Date
22,295,200	\$ 0.10 *	June 28, 2018
31,829,809	\$ 0.10 *	July 30, 2018
18,057,488	\$ 0.075	January 21, 2018
4,500,000	\$ 0.075	May 31, 2018
76,682,497	\$ 0.09	

\* The exercise price of warrants was originally \$0.10 for the first two years and \$0.15 for the last two years. On May 6, 2016, the Company amended the terms of these warrants by decreasing the exercise price during the third year from \$0.15 to \$0.10. Accordingly, the exercise price is now \$0.10 for the first three years and \$0.15 for the fourth year.

**8. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

The significant non-cash investing or financing transaction for the nine months ended March 31, 2017 was as follows:

- A total of \$18,453 was reclassified between reserves and share capital based on stock options exercised.
- The Company received \$43,814 in cash from Essel for shares subscriptions receivable. Essel also paid \$1,455,109 to reduce accounts payable, \$267,940 towards the costs of exploration and evaluation assets, \$188,672 for site investigation costs \$90,000 for management fees and \$1,828 in travel expenses. Of the total amounts paid by Essel of \$2,003,550, \$1,063,654 was charged to subscriptions receivable and the balance of \$939,896 is classified as owing to related parties.
- As of July 1, 2016, \$83,202 was reclassified from related party to accounts payable.

## **SIMBA ESSEL ENERGY INC.**

(Formerly Simba Energy Inc.)

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March 31, 2017 and 2016

Stated in Canadian dollars

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The significant non-cash investing or financing transaction for the nine months ended March 31, 2016 was as follows:

- (a) A total of \$2,230,066 in exploration and evaluation costs incurred were included in accounts payable and accrued liabilities.

### **9. COMMITMENTS AND CONTINGENCIES**

The Company has the following future commitments:

#### **(a) Office lease**

The Company has entered into an agreement to lease office space effective July 1, 2012 until June 30, 2017. The monthly net requirements under the lease are as follows:

	Minimum lease payment required	Sub lease	Net monthly obligation
For the year ended June 30, 2017	\$14,060	\$5,565	\$8,495

Effective July 1, 2017 the Company has entered into a three-year renewal of its office space. The monthly lease payment will be \$11,229 and subleases amount to \$5,300 per month for a net monthly obligation of \$5,979.

#### **(b) Work commitments**

The terms of certain of the Company's PSCs require the Company to make payments and undertake exploration expenditures in order for the contracts to remain in good standing. In Kenya (Note 3), the original contract has been amended eliminating previously specific yearly expenditures and replacing them with required approved exploration surveys and programs. Under the terms of the farm-in-agreement, Essel is now responsible for satisfying these commitments.

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### 10. SEGMENTED INFORMATION

The Company has one reportable operating segment, being oil and gas exploration and development in Africa. The Company's capital assets by geographic location are as follows:

	Equipment	Exploration & Evaluation Assets
March 31, 2017		
Canada	\$ 4,881	\$ -
United Kingdom	2,895	-
Liberia	-	1,968,351
Kenya	1,681	7,882,314
	<u>\$ 9,457</u>	<u>\$ 9,850,665</u>

	Equipment	Exploration & evaluation assets
June 30, 2016		
Canada	\$ 10,881	\$ -
United Kingdom	4,371	-
Liberia	-	1,968,351
Kenya	2,692	7,449,261
	<u>\$ 17,944</u>	<u>\$ 9,417,612</u>

### 11. SUBSEQUENT EVENTS

The following events happened after the period end of March 31, 2017 and, although described elsewhere, are summarized here for clarity purposes:

- On April 10, 2017, the Company and the NOCAL executed a new HRL, effectively extending the previous onshore HRL existing concession area as well as adding an additional 1,566 square kilometers offshore in shallow water.
- On May 24, 2017, the Company settled its debt with Essel of \$739,845 by agreeing to issue an aggregate of 10,569,214 common shares of the Company, having a deemed value of \$0.07 per share. The transaction is awaiting approval by the TSX – V.
- The Company extended its office space lease by 3 years to an expiration date of June 30, 2020. The net monthly obligation will be reduced from \$8,495 to \$5,979.