



*Condensed Interim Consolidated Financial Statements
(Unaudited)*

For the Nine and Three Months Ended September 30, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a), the accompanying unaudited condensed interim consolidated financial statements have been prepared by management. The Company's independent auditors have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

MONTANA EXPLORATION CORP.

Management's Report

The Management of Montana Exploration Corp. (the "Company") is responsible for the preparation of the condensed interim consolidated financial statements together with all operational and other financial information contained in the quarterly report. The condensed interim consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and utilize the best estimates and careful judgments of Management, where appropriate.

Management has developed and maintains a system of internal controls designed to provide reasonable assurance that all transactions are accurately and reliably recorded, that the condensed interim consolidated financial statements accurately report the Company's operating and financial results within acceptable limits of materiality, that all other operational and financial information presented is accurate, and that the Company's assets are properly safeguarded.

The Audit Committee, comprised of a majority of non-management directors, acts on behalf of the Board of Directors to ensure that Management fulfills its financial reporting and internal control responsibilities. The Audit Committee is responsible for meeting regularly to discuss internal controls over financial reporting processes, auditing matters and various aspects of financial reporting. The Audit Committee reviewed the condensed interim consolidated financial statements with Management and recommended approval to the Board of Directors. The Board of Directors has approved these condensed interim consolidated financial statements.

"signed"
Charles Selby
Chief Executive Officer

"signed"
Donald Foulkes
President and interim Chief Financial Officer

Calgary, Canada
November 20, 2017

MONTANA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Financial Position
(unaudited)

<i>(\$CDN)</i>	Note	September 30, 2017	December 31, 2016
ASSETS			
<i>Current Assets</i>			
Cash		275,372	888,935
Trade and other receivables		583,811	479,447
Prepaid expenses		74,152	118,049
Total Current Assets		933,335	1,486,431
<i>Non-current assets</i>			
Deposits		192,105	205,449
Evaluation and exploration assets	4	3,409,727	3,934,433
Property, plant and equipment	5	1,013,314	1,170,089
TOTAL ASSETS		5,548,481	6,796,402
LIABILITIES			
<i>Current Liabilities</i>			
Trade and other payables		6,465,253	7,007,369
Promissory note from shareholder	6(c)	2,028,656	2,182,593
Promissory notes	6(a)	559,031	780,801
Decommissioning liabilities	8	120,849	211,661
Total Current Liabilities		9,173,789	10,182,424
<i>Non-current liabilities</i>			
Promissory notes	6(b)	545,537	532,615
Decommissioning liabilities	8	3,098,213	3,387,246
TOTAL LIABILITIES		12,817,539	14,102,285
SHAREHOLDERS' DEFICIENCY			
Share capital	9(b)	61,825,412	60,022,345
Contributed surplus	9(c)	11,060,409	11,060,409
Foreign Currency translation adjustment		520,875	633,130
Deficit		(80,675,754)	(79,021,767)
TOTAL SHAREHOLDERS' DEFICIENCY		(7,269,058)	(7,305,883)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		5,548,481	6,796,402
Going Concern	2		
Contingency	14		
Subsequent event	6(c)		

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

Approved by the Board of Directors

“signed”
Charles Selby
Director

“signed”
Donald Foulkes
Director

MONTANA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Comprehensive Loss
(unaudited)
For the nine and three months ended September 30, 2017 and 2016

(\$CDN)	Note	For the nine months ended September 30,		For the three months ended September 30,	
		2017	2016	2017	2016
REVENUE					
Petroleum and natural gas sales		495,777	410,859	138,840	130,372
Natural gas processing fees		5,496	8,291	1,807	1,791
Royalty recovery		-	138,942	-	138,942
Less: royalties expense		(92,115)	(65,841)	(26,811)	(20,849)
		409,158	492,251	113,836	250,256
EXPENSES					
Production and operating		512,680	583,922	171,594	235,115
Lease expiries	4	290,682	321,763	125,400	73,192
Impairment of exploration and evaluation assets	4	83	23,843	-	-
Impairment of property, plant and equipment	5	-	164,192	-	2,472
Depletion, depreciation and amortization	5	85,055	5,989	31,956	1,386
General and administrative		1,395,694	1,874,416	436,839	654,755
Financing expense	11	332,752	143,478	106,134	61,748
Share-based compensation	10	-	93,821	-	3,890
		2,616,946	3,211,424	871,923	1,032,558
Loss before the following:		(2,207,788)	(2,719,173)	(758,087)	(782,302)
Gain on disposition of property, plant and equipment	5	405,029	-	72,863	-
Loss on settlement of debt and trade and other payables	9(b)	(39,738)	-	-	-
Unrealized foreign exchange gain (loss)		218,105	54,268	115,194	(9,681)
Net foreign exchange loss		(29,595)	(15,644)	(2,089)	(5,017)
Loss before taxes		(1,653,987)	(2,680,549)	(572,119)	(797,000)
Deferred tax recovery		-	33,750	-	-
Net loss		(1,653,987)	(2,646,799)	(572,119)	(797,000)
Other comprehensive income					
Foreign currency translation adjustment		(112,255)	(68,142)	(75,405)	42,973
Other comprehensive income (loss)		(112,255)	(68,142)	(75,405)	42,973
Total comprehensive loss		(1,766,242)	(2,714,941)	(647,524)	(754,027)
Loss per share					
	12				
Basic		(0.03)	(0.05)	(0.01)	(0.01)
Diluted		(0.03)	(0.05)	(0.01)	(0.01)

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

MONTANA EXPLORATION CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)
For the nine and three months ended September 30, 2017 and 2016

(\$CDN)	Note	Share Capital	Contributed Surplus	Foreign Currency Translation Adjustment	Deficit	Total Shareholders' Deficiency
As at December 31, 2015		60,058,316	10,875,338	658,690	(75,775,913)	(4,183,569)
Foreign currency translation		-	-	(68,142)	-	(68,142)
Share-based compensation	10	-	93,821	-	-	93,821
Fair value discount on promissory notes, net of deferred tax		-	91,250	-	-	91,250
Net loss		-	-	-	(2,646,799)	(2,646,799)
As at September 30, 2016		60,058,316	11,060,409	590,548	(78,422,712)	(6,713,439)
As at December 31, 2016		60,022,345	11,060,409	633,130	(79,021,767)	(7,305,883)
Share issuance – rights issue	9(b)	1,496,245	-	-	-	1,496,245
Share issuance – debt for shares	9(b)	349,696	-	-	-	349,696
Share issue costs	9(b)	(42,874)	-	-	-	(42,874)
Foreign currency translation		-	-	(112,255)	-	(112,255)
Net loss		-	-	-	(1,653,987)	(1,653,987)
As at September 30, 2017		61,825,412	11,060,409	520,875	(80,675,754)	(7,269,058)

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

MONTANA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
For the nine and three months ended September 30, 2017 and 2016

(\$CDN)	Note	For the nine months ended September 30,		For the three months ended September 30,	
		2017	2016	2017	2016
Cash provided by (used for) the following activities:					
Operating activities:					
Net loss		(1,653,987)	(2,646,799)	(572,119)	(797,000)
Add (deduct):					
Depletion, depreciation and amortization	5	85,055	5,989	31,956	1,386
Impairment of exploration and evaluation assets	4	83	23,843	-	-
Impairment of property, plant and equipment	5	-	164,192	-	2,472
Share-based compensation	10	-	93,821	-	3,890
Loss on settlement of debt	6(a)	39,738	-	-	-
Gain on disposition of assets	5	(405,029)	-	(72,863)	-
Accretion of long term debt	6(b)	52,806	(59,597)	18,173	(16,988)
Accretion of decommissioning liabilities	8	33,062	40,551	10,638	12,566
Interest expense	11	246,884	162,524	77,323	66,170
Lease expiries	4	290,682	321,763	125,400	73,192
Abandonments		(200,739)	(92,845)	(113,235)	(8,266)
Deferred tax recovery		-	(33,750)	-	-
Unrealized (gain) loss on foreign exchange		(218,105)	(54,268)	(115,194)	9,681
		(1,729,550)	(2,074,576)	(609,921)	(652,897)
Cash interest paid	6(a)	(14,312)	-	-	-
Changes in non-cash working capital		(404,918)	1,445,891	541,876	1,014,053
Cash used in operating activities		(2,148,780)	(628,685)	(68,045)	361,156
Investment activities:					
Additions to property, plant and equipment		-	(121,818)	-	-
Additions to exploration and evaluation assets	4	(33,584)	(93,390)	(506)	(56,626)
Proceeds on farm out arrangement		-	195,750	-	195,750
Deposits		(1,201)	(1,209)	(2,015)	(401)
Proceeds from disposition of property, plant and equipment	5	271,433	-	72,863	-
Changes in non-cash working capital		(81,901)	(165,237)	(81,901)	16,661
Cash from (used in) investing activities		154,747	(185,904)	(11,559)	155,384
Financing activities:					
Advance from shareholders	6(b)	(57,688)	947,461	-	526,800
Settlement of promissory notes	6(a)	-	-	-	-
Issuance of common shares	9(b)	1,496,245	-	-	-
Common share issue costs	9(b)	(42,874)	-	-	-
Cash from financing activities		1,395,683	947,461	-	526,800
Net foreign exchange effect of cash		(15,213)	19,428	(34,720)	26,912
(Decrease) increase in cash		(613,563)	152,300	(114,323)	1,070,252
Cash, beginning of the period		888,935	993,194	389,695	75,242
Cash, end of the period		275,372	1,145,494	275,372	1,145,494

No cash taxes were paid for the six and three months ended September 30, 2017 or 2016.

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

MONTANA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the nine and three months ended September 30, 2017 and 2016

All amounts disclosed are in Canadian dollars unless otherwise stated

1. General information

Montana Exploration Corp., (the “Company” or “Montana”) is in the business of exploring, developing and producing conventional petroleum and natural gas reserves in Alberta, Montana and Tennessee. These condensed interim consolidated financial statements include the financial results of Montana Exploration Corp. and its wholly-owned subsidiaries Alberta Selecta Corporation, ANG Holding Corp., ANG Holding (U.S.) Corp., Montana Land and Exploration Inc., AltaCanada Energy Partnership, and Gale Force Petroleum Inc., including its wholly-owned U.S. subsidiaries GFP Texas Inc., and GFP Central USA Inc. The address of the registered office is Suite 2300, 144 - 4th Avenue SW Calgary, AB T2P 3N4. The common shares of the Company trade on the TSX Venture Exchange under the symbol MTZ.

2. Going concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

For the nine months ended September 30, 2017, the Company continued to have negative cash flow from operating activities before changes in non-cash working capital and cash interest paid of \$1,729,550 (nine months ended September 30, 2016 - \$2,074,576), reported a loss of \$1,653,987 (nine months ended September 30, 2016 - \$2,646,799), and has net debt (defined as the total of working capital deficiency and long term promissory notes) of \$8,785,991 (year ended December 31, 2016 - \$9,228,608) and an accumulated deficit of \$80,675,754 (year ended December 31, 2016 - \$79,021,767). Continuing negative cash flows from operations have reduced the ability of the Company to develop its assets and address its working capital deficiency, and have added layers of challenge to achieving other corporate goals. These issues and larger macro-economic factors have made it extremely difficult to access external financing for asset development. Certain promissory notes are past due and in default. Holders of these notes have the right to pursue remedies available under the general security agreements associated with the notes (see also Note 6(a) and 6(c)). One of the Company’s joint venture partners has initiated legal action seeking payment of invoices and liquidated damages of \$329,037. The Company does not dispute the amount owing. Judgements were awarded by the Courts for \$332,524 on December 7, 2016. Payments of approximately \$150,000 have been made to November 20, 2017 in conjunction with the enforcement of the judgement. All amounts have been fully accrued in the September 30, 2017 trade and other payables balance.

On February 12, 2016, the Company received an abandonment order on one of its wells in the State of Montana. The estimated abandonment obligations for this well and certain other wells which the Company intends to abandon within the next year of \$120,849 are classified as current liabilities on the condensed interim consolidated statement of financial position. A plan has been initiated in the State of Montana, and the Company is communicating cooperatively with the State regarding this obligation.

The matters and conditions noted above indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company has conceived an overriding financing plan designed to stimulate economic oil and gas activity on the Company’s lands and associated additions to reserves, production and cash flow while at the same time reducing indebtedness over a reasonable period to return the Company to positive cash flow with a minimal amount of debt. The financing plan includes a combination of joint venture activities where funds are invested directly in exploration and production, and also new equity to fund the Company’s ongoing general and administrative expenses and to reduce debt. The Company has continued to borrow

MONTANA EXPLORATION CORP.

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monies from the Company's controlling shareholder and where possible has sought to defer payments on amounts owing and to exchange debt for shares. The Company currently has no bank indebtedness. The Company may also seek to sell non-core assets.

The Company has undertaken the following specific actions:

- a) New Equity: Continued exploring financing through new equity, in order to fund activity on its significant asset base and to pay outstanding trade payables, advances from shareholders and promissory notes. A rights offering was completed on January 13, 2017, resulting in new equity totaling \$1,496,245. Other equity-based initiatives are also ongoing.
- b) Joint Venture: Worked with several parties, on a best-efforts basis, to assist the Company with seeking a joint venture partner to undertake an oil exploration and development program in the Shaunavon oil cash-generating unit ("CGU") located in the State of Montana and to drill oil and natural gas targets on the Company's lands in accordance with the Company's earning provisions with a large Montana-based utility. An acceptable joint arrangement would include an equalization payment in recognition of the Company's investment to date, and also a defined drilling commitment. Fees are contingent on closing of a successful arrangement. The Company has successfully negotiated two such joint venture arrangements to date.
- c) Utility Agreement: Executed an agreement (the "Utility Agreement") ratified by the Board of Directors on November 30, 2015 whereby Montana became the strategic drilling partner of a utility company in the State of Montana. The Utility Agreement is a farm-in that covers approximately 315,000 acres in Blaine and Hill Counties in the State of Montana, including the rights to develop the shallow Eagle gas zone and to pursue the Shaunavon oil prospect and all other zones throughout the acreage. Under the terms of the Utility Agreement, the Company is required to drill a minimum of ten wells throughout the farm-in acreage within 12 months of the spud date of the first well, of which at least six wells must be Eagle gas wells. Drilling commenced on the first well on October 25, 2016. Effective October 1, 2017, the Company and the utility have agreed to amend the Utility Agreement, extending the deadline for the drilling of the next nine wells to July 1, 2018.

Following the initial 10-well drilling program, the Company has continual drilling rights throughout the farm-in acreage as long as each new well spuds within 90 days of completion of the prior well. The Company also has an arrangement with its utility partner to receive and review interpretations of the partner's 3D seismic data, which covers over 250 square miles, including the farm-in acreage. The Company concentrated on the seismic data during 2016, and has generated an inventory of prospects and locations that it has begun to pursue. The Company will act as the operator of the drilling program. Montana drilled and cased the first well under the Utility Agreement at Tiger Ridge 14-17-31N-19E.

- d) Loans: Secured promissory notes from a significant shareholder and Director (related party) of the Company of \$100,000 USD, \$160,000 USD and \$66,500 USD were received on April 7, 2016, May 12, 2016 and June 22, 2016, respectively, and secured promissory notes were issued with three year terms bearing 10% interest per annum (Note 6(b)). On July 27, 2016, a short-term, one year note for \$400,000 USD was issued bearing a 10% per annum interest rate (Note 6(c)). In October 2016, a total additional \$440,000 USD in one-year term secured promissory notes were made from the same party, at 10% interest per annum.

Subsequent to September 30, 2017, the Company issued an additional interest-bearing short term unsecured promissory note to the same party for \$372,000 USD.

- e) Debt for shares: The Company entered into three agreements to exchange promissory notes and trade and other payables for Common Shares in March 2017. In total, \$309,958 in debt was retired in

MONTANA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the nine and three months ended September 30, 2017 and 2016

All amounts disclosed are in Canadian dollars unless otherwise stated

exchange for 1,589,527 common shares. The Company will continue to pursue debt for shares arrangements where mutually agreeable.

- f) Drilling farm-out A: In September of 2016, the Company negotiated a five well farm-out joint venture agreement with a company controlled by its largest shareholder, Rioco Partners, Ltd., ("Rioco") whereby Rioco paid for approximately 100% of the drilling costs of five wells on certain of the Company's lands in the State of Montana. Rioco earned a 75% working interest in the Company's interest in the wells until Rioco has recovered their capital investment, at which point their working interest will revert to a 50% working interest in the Company's interest, and the Company will then be left with an approximately 50% working interest in the properties. Rioco will also earn a 50% working interest in Montana's interest in the lands comprising the prospect associated with each well drilled, which Rioco has the option to exchange for a 5% gross overriding royalty in each prospect. The goal of this five well project was to test and prove up the geological themes and oil and gas reserves the Company believes to exist on its extensive land base primarily in respect to Shaunavon oil targets and Eagle natural gas targets. Once proven, further investment will be sought to pursue further exploration. The drilling project began in October of 2016. All five wells were drilled in 2016, and the completions were done in early 2017. Two of the wells from this program are productive and three have been abandoned.
- g) Asset dispositions: In November of 2016, the Company exercised its preemptive right to purchase certain assets located in the State of Texas when the partner who operated the property conditionally sold them. The Company negotiated a transaction whereby the Company bought and then immediately re-sold the assets, bundling in its own working interest in the property for sale, and also negotiated a separate deal whereby it settled the Carried Working Interest receivable that has been outstanding since May of 2015 and other receivables associated with the property, and assigned the Judgement awarded in the Texas courts on the 12.5% working interest and a large receivable with little likelihood of collection that had been attributed to yet another party. In so doing, the Company disposed of a non-core uneconomic oil asset and received cash for an otherwise illiquid and unsecured receivable asset, and disposed of the need to continue pursuing certain legal matters. Additionally, the Company reduced its decommissioning liability by approximately \$100,000 with the disposal of these assets. The Company received consideration of \$50,000 USD from the buyer for exercising the pre-emptive right for their benefit, and an additional \$150,000 USD for the Company's approximately 6.5% working interest. The transaction closed in January 2017. No reserve or book value was associated with this property. In total, the Company collected a combined \$816,198 USD (\$1,086,360 CDN) in cash for this series of transactions in November 2016 and January 2017.

In the three-month period ending September 30 2017, the Company disposed of a non-core non-producing asset in its subsidiary GFP Central USA Inc., resulting in a gain on disposal of \$72,863.

- h) Drilling farm-out B: On February 23, 2017, the Company announced a farm-out agreement which includes new investment of up to \$20 million USD in funds to be used primarily for drilling and development of the Company's acreage in the State of Montana. This strategic agreement is with an unrelated arm's length third party. The Company is assisting the partner with the sourcing of funds to support the negotiated terms of the joint venture through ongoing discussions with potential investors comprised primarily of US based family office groups.
- i) Other asset dispositions: The Company is exploring ways of monetizing assets, including but not limited to the disposition of non-core assets, to help create further short-term liquidity.

The Company requires financing for working capital and the exploration and development of its properties and continues to actively seek alternative sources of funds. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict and there can be no assurance whether financing efforts will be

MONTANA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the nine and three months ended September 30, 2017 and 2016

All amounts disclosed are in Canadian dollars unless otherwise stated

successful or if the Company will attain profitable levels of operation. Without access to further third-party funding, this material uncertainty casts significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenue and expenses and statement of financial position classifications that would be necessary if the Company is unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Basis of preparation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016 which have been prepared in accordance with IFRS as issued by the IASB. There were no new or amending accounting standards or interpretations adopted during the nine and three months ended September 30, 2017 that had a material effect on the Company's condensed interim consolidated financial statements. There are no new or amended accounting standards or interpretations issued during the nine and three months ended September 30, 2017 that are applicable to the Company in future periods.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 20, 2017.

Basis of measurement

These condensed interim consolidated financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention except for derivative financial instruments which are measured at fair value.

Functional and presentation currency

The Company has presented these condensed interim consolidated financial statements in Canadian Dollars ("CDN" or "\$") which is the Company's and subsidiaries' functional currency with the exceptions of Montana Land and Exploration Inc., GFP Texas Inc. and GFP Central USA Inc. (all of which are indirect 100% owned subsidiaries of Montana Exploration Corp.). The functional currency of these subsidiaries is the United States Dollar ("USD" or "US\$").

The accounting policies are described in Notes 3 and 4 of the annual audited consolidated financial statements for the year ended December 31, 2016.

MONTANA EXPLORATION CORP.**Notes to the Condensed Interim Consolidated Financial Statements****(unaudited)****For the nine and three months ended September 30, 2017 and 2016**

All amounts disclosed are in Canadian dollars unless otherwise stated

4. Exploration and evaluation (“E&E”) assets

	September 30, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	3,934,433	5,310,865
Additions	33,584	91,586
Transferred to property, plant and equipment (Note 5)	-	(219,348)
Disposition	-	(329,160)
Lease expiries	(290,682)	(732,686)
Impairment	(83)	(15,533)
Exchange differences	(267,525)	(171,291)
Balance, end of period	3,409,727	3,934,433

The Company recognized lease expiries of \$290,682 during the nine months ended September 30, 2017 (nine months ended September 30, 2016 - \$321,763) as it did not renew certain non-producing leases in its US operating segment.

During the nine months ended September 30, 2017 and 2016, no general and administrative costs were capitalized.

MONTANA EXPLORATION CORP.**Notes to the Condensed Interim Consolidated Financial Statements****(unaudited)****For the nine and three months ended September 30, 2017 and 2016**

All amounts disclosed are in Canadian dollars unless otherwise stated

5. Property, plant and equipment (“D&P assets”)

	Petroleum and natural gas properties	Office equipment	Total
	\$	\$	\$
Cost:			
At January 1, 2016	20,004,995	358,280	20,363,275
Additions	84,444	-	84,444
Changes in decommissioning liability (Note 8)	146,498	-	146,498
Transferred from exploration and evaluation (Note 4)	219,348	-	219,348
Exchange differences	(25,667)	-	(25,667)
At December 31, 2016	20,429,618	358,280	20,787,898
Exchange differences	(168,542)	-	(168,542)
At September 30, 2017	20,261,076	358,280	20,619,356
Accumulated depletion, depreciation and impairments:			
At January 1, 2016	(19,948,133)	(337,093)	(20,285,226)
Depletion, depreciation and amortization	(25,475)	(5,514)	(30,989)
Impairment, net of reversals	667,415	-	667,415
Exchange differences	30,991	-	30,991
At December 31, 2016	(19,275,202)	(342,607)	(19,617,809)
Depletion, depreciation and amortization	(82,051)	(3,004)	(85,055)
Exchange differences	96,822	-	96,822
At September 30, 2017	(19,260,431)	(345,611)	(19,606,042)
Net Book Value:			
At September 30, 2017	1,000,645	12,669	1,013,314
At December 31, 2016	1,154,416	15,673	1,170,089

At each period end, the Company assesses whether any CGUs have indicators of impairment or reversals. When indicators of impairment or reversals are identified, the Company assesses the recoverable amount of the applicable CGU based on the greater of fair value less costs of disposal and value in use, as at the reporting date. As at September 30, 2017, there were no indicators of impairment as compared to December 31, 2016 and therefore no impairment test was performed.

The recoverable amount for the Company’s Canadian segment CGUs is \$nil as there are no economically recoverable reserves in the existing pricing environment.

In the US operating segment, the Cherry Patch, White Bear and Pine Mills CGUs were fully impaired as there are currently no economically recoverable reserves at September 30, 2017. The recoverable amount of the US Shaunavon oil CGU is as follows:

MONTANA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the nine and three months ended September 30, 2017 and 2016

All amounts disclosed are in Canadian dollars unless otherwise stated

	September 30, 2017	December 31, 2016
CGU	\$	\$
Shaunavon Oil	1,000,645	1,154,416
Total	1,000,645	1,154,416

As further disclosed in Note 6 to the annual consolidated financial statements for the year ended December 31, 2016, the Company closed its sale of the Pine Mills property in Texas on January 23, 2017 and received additional proceeds of \$150,000 USD (\$198,570 CDN). Along with the disposal of decommissioning liabilities of \$76,447 USD (\$101,201 CDN) and other miscellaneous adjustments of \$32,395, the transaction resulted in a gain on disposition of property, plant and equipment of \$332,166.

During the three month period ended September 30, 2017 the Company disposed of a non-core asset with a carrying value of \$nil resulting in a gain of \$72,863.

6. Indebtedness

	September 30, 2017	December 31, 2016
	\$	\$
Promissory notes (current liability) (a)	559,031	780,801
Promissory notes (long-term liability) (b)	545,537	532,615
Promissory note from related party (c)	2,028,656	2,182,593
Total promissory notes	3,133,224	3,496,009
Current portion	2,587,687	2,963,394
Non-current portion	545,537	532,615

a) Promissory notes (current liabilities)

Promissory notes, totalling \$559,031 at September 30, 2017 (December 31, 2016 - \$780,801), are recognized as a current liability and bear interest at the National Bank of Canada prime rate plus 2.5% per annum. Interest on the notes may, at the election of the Company, be paid by the issuance of common shares priced at the prevailing fifteen-day weighted average share trading price. The principal amount of these notes and interest thereon was due and payable in 2013. Holders of the promissory notes have the right to pursue remedies available under the general security agreement associated with the promissory notes.

On January 30, 2017 one of the promissory notes was paid out in full for cash proceeds of \$72,000 consisting of \$57,688 in principal and interest of \$14,312. On March 14, 2017, another of the promissory notes was paid in full in exchange for 1,071,026 shares of the Company at a deemed price of \$0.195 per common share. The total owing on this promissory note of \$208,850 consisted of \$164,082 in principal and \$44,768 in accrued interest. The fair value of the common shares on March 14, 2017 had increased to \$0.22 per common share, resulting in a loss on settlement of debt of \$26,776.

At September 30, 2017, two of the original four notes remain outstanding, totaling \$559,031. Unpaid interest of \$124,982 has been included in trade and other payables at September 30, 2017 (December 31, 2016 - \$156,932). An instalment of \$40,000 was paid in December 2016. Total interest expense for the nine and three months ending September 30, 2017 was \$28,355 and \$8,887 (nine and three months ended September 30, 2016 - \$36,820 and \$12,523 respectively).

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b) Promissory notes (long-term liabilities)

On August 18, 2015, the Company issued a \$200,000 USD (\$259,420 CDN) promissory note bearing interest at a rate of 10% per annum to be paid annually to a major shareholder and director (related party). The note matures and shall be payable on August 18, 2018. The fair value of the promissory note was estimated using discounted cash flows and is being accreted up to the principal amount on maturity, using an effective interest of 24%. The difference between the fair value and the initial carrying amount of \$101,000 is considered a capital contribution, and was recorded, net of deferred tax of \$27,000, in contributed surplus. Accretion of \$25,190 and \$8,725 has been recorded for the nine and three months ended September 30, 2017 (nine and three months ended September 30, 2016 - \$19,237 and \$6,842 respectively). Unpaid interest of \$52,929 has been included in trade and other payables at September 30, 2017 (September 30, 2016 - \$29,872). Interest expense for the nine and three months ended September 30, 2017 was \$19,550 and \$6,315, respectively (nine and three months ended September 30, 2016 - \$19,851 and \$6,579 respectively).

In the second quarter of 2016, the Company issued three additional promissory notes on the same terms as above: bearing interest at a rate of 10% per annum to be paid annually, to the same major shareholder and director (related party), for three year terms. Additionally, the promissory notes are secured by a mortgage, assignment of production, security agreement and financing statement. The fair value of the promissory notes were estimated using discounted cash flows and are being accreted up to the principal amount on maturity, using an effective interest rate of 24%. The Company issued promissory notes on April 7, 2016 for \$100,000 USD (\$128,840 CDN); on May 12, 2016 for \$160,000 USD (\$207,040 CDN) and on June 22, 2016, for \$66,500 USD (\$84,781 CDN). The difference between the fair value and the carrying amounts of \$125,000 is considered a capital contribution, and was recorded, net of deferred tax of \$33,750, in contributed surplus. Accretion of \$27,616 and \$9,448 has been recorded for the nine and three months ended September 30, 2017 (nine and three months ended September 30, 2016 - \$12,999 and \$7,751 respectively). Unpaid interest of \$56,753 has been included in trade and other payables at September 30, 2017 (September 30, 2016 - \$16,661). Interest expense for the nine and three months ended September 30, 2017 was \$31,915 and \$10,310 respectively (nine and three months ended September 30, 2016 - \$16,661 and \$10,740 respectively). The following table sets forth a reconciliation of the changes in the long term promissory notes:

	Liability Component \$	Equity Component \$	Total \$
Balance, January 1, 2016	170,400	74,000	244,400
Promissory note	295,661	125,000	420,661
Deferred tax liability	-	(33,750)	(33,750)
Accretion of the discount	48,152	-	48,152
Foreign exchange	18,402	-	18,402
Balance, December 31, 2016	532,615	165,250	697,865
Accretion of the discount (Note 11)	52,806	-	52,806
Foreign exchange	(39,884)	-	(39,884)
Balance, September 30, 2017	545,537	165,250	710,787

The principal amounts of \$526,500 USD, converted at the spot rate on September 30, 2017 is \$657,072 CDN (September 30, 2016 - \$526,500 USD principal was \$690,610 CDN at the then spot rate).

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The loan maturities for the three-year promissory notes are summarized as follows:

Date Issued	Loan amount (USD) \$	Maturity Date
August 18, 2015	200,000	August 18, 2018
April 7, 2016	100,000	April 7, 2019
May 12, 2016	160,000	May 13, 2019
June 22, 2016	66,500	June 21, 2019
Total	526,500	

c) *Promissory note (current liability, related party)*

On December 30, 2015, the Company received loans from and issued a promissory note to a company controlled by an individual who is a Director of the Company and a significant shareholder (related party), in the amount of \$1,086,712 (\$785,526 USD). The balance owing at September 30, 2017, adjusted for foreign exchange is \$980,336 (December 31, 2016 - \$1,054,725). The promissory note is secured by a mortgage, assignment of production, security agreement and financing statement. The loan shall bear interest at 10% per annum paid annually. The principal amount was due December 30, 2016 and this loan is therefore currently in default. Unpaid interest on this loan of \$173,775 has been included in trade and other payables at September 30, 2017 (September 30, 2016 - \$80,377). Interest expense for the nine and three months ended September 30, 2017 was \$76,785 and \$24,805 respectively (nine and three months ended September 30, 2016 - \$77,968 and \$25,838 respectively).

On July 27, 2016, the Company received a loan from and issued a secured promissory note on the same terms and to the same related party as the loan on December 30, 2015 in the amount of \$526,800 (\$400,000 USD). The balance owing at September 30, 2017, adjusted for foreign exchange is \$499,200 (December 31, 2016 - \$537,080) The principal amount was due on July 27, 2017 and this loan is therefore currently in default. Unpaid interest on this loan of \$58,673 has been included in trade and other payables at September 30, 2017 (September 30, 2016 - \$9,153). Interest expense for the nine and three months ended September 30, 2017 was \$39,100 and \$12,631 respectively (nine and three months ended September 30, 2016 - \$9,153).

In October 2016, the Company received further loans from and issued secured promissory notes on the same terms and to the same related party as the loans in July 2016 and December 2015. The loans totaled \$579,702 (\$440,000 USD). The balance owing at September 30, 2017, adjusted for foreign exchange is \$549,120. The principal amounts are due in October, 2017. Unpaid interest on these loans of \$53,849 has been included in trade and other payables at September 30, 2017 (September 30, 2016 - \$nil). Interest expense for the nine and three months September 30, 2017 was \$43,010 and \$13,894 respectively (nine and three months ended September 30, 2016 - \$nil).

Subsequent to September 30, 2017, on November 1 2017, the Company issued an unsecured promissory note for \$375,720 to the same related party which is due and payable on October 31, 2018, and will bear interest initially at 10% per annum, to be adjusted on a monthly basis starting on December 1, 2017 if the Wall Street Journal prime rate, which was 4.25% on November 1, 2017, increases. The minimum interest rate will be 10% per annum.

7. Taxes

The Company has unrecognized deferred tax assets since it cannot currently demonstrate that it is probable that this potential value will be realized.

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8. Decommissioning liabilities

The Company makes a provision for the future cost of decommissioning petroleum and natural gas properties on a discounted basis. Total undiscounted inflated costs at September 30, 2017 of approximately \$4,130,000 (September 30, 2016 - \$4,160,000) are expected to be settled over a period of 1 to 20 years into the future. The provision has been estimated using existing technology at current prices. The economic life and the timing of the decommissioning liabilities are dependent on Government legislation, commodity prices and the future petroleum and natural gas production profiles. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures in the cost of third party services. An inflation factor of 2% has been applied to the estimated decommissioning cost at September 30, 2017 and December 31, 2016. The average risk-free rate of approximately 1.30% was used to calculate the fair value of the decommissioning liabilities at September 30, 2017 (September 30, 2016 – 1.72%).

	September 30, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	3,598,907	3,544,776
Additions	-	22,177
Dispositions (Note 5)	(101,201)	-
Changes in estimate ⁽¹⁾	-	29,728
Changes in discount rates	-	94,593
Accretion (Note 11)	33,062	53,636
Abandonment costs incurred ⁽²⁾	(200,739)	(96,638)
Exchange differences	(110,967)	(49,365)
Balance, end of period	3,219,062	3,598,907
Current portion	120,849	211,661
Long term portion	3,098,213	3,387,246

⁽¹⁾ Changes in estimate include changes in estimates of costs of abandonment and reclamation and changes to expected timing of expenditures due to reduced reserve lives.

⁽²⁾ In the year ended December 31, 2016, \$93,698 of the total \$96,638 in abandonment costs relate to work billed by operating partners and was for work performed in Alberta. In the nine months ended September 30, 2017 \$169,559 was spent in the province of Alberta. In the State of Montana, \$31,180 was spent on initial work for the planned abandonment and reclamation projects.

The current portion of the decommissioning liabilities relates to wells where the Company has either been ordered or reasonably expects to receive an order to abandon and reclaim the wells within the next twelve months. The breakdown of the liability by jurisdiction and by classification of current or non-current as at September 30, 2017 is as follows:

Jurisdiction	Current liability	Non-current liability	Total liability
	\$	\$	\$
Alberta, Canada	-	1,791,295	1,791,295
Montana, USA	120,849	1,300,709	1,421,558
Tennessee, USA	-	6,209	6,209
Total	120,849	3,098,213	3,219,062

MONTANA EXPLORATION CORP.

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9. Share capital and reserves

a) Authorized

The Company is authorized to issue an unlimited number of common or preferred shares without nominal or par value.

b) Issued common shares

	Number of Shares	\$
Balance, December 31, 2015	49,790,875	60,058,316
Share issue costs (i)	-	(35,971)
Balance, December 31, 2016	49,790,875	60,022,345
Shares issued in rights issue (i)	7,673,053	1,496,245
Shares issued in debt for shares transaction (ii)	1,589,527	349,696
Shares issue costs	-	(42,874)
Balance, September 30, 2017	59,053,455	61,825,412

- i. On January 13, 2017, the Company closed a rights offering to existing shareholders. Existing shareholders were issued one right for every share held, and for every four rights issued, a shareholder had the option to purchase one common share of the Company at a price of \$0.195/share. As a result of the rights issue, the Company issued an additional 7,673,053 shares, of which 6,776,620 were beneficially issued to the Company's major shareholder. Total proceeds from the rights issue were \$1,496,245, of which \$1,321,441 was attributable to shares purchased beneficially by the company's largest shareholder. Share issue costs of \$35,971 were incurred in the year ended December 31, 2016 in respect of this rights offering, and an additional \$42,874 in share issue costs were incurred in the nine months ended September 30, 2017.
- ii. On March 14, 2017, the Company closed a transaction settling certain promissory notes and related interest payable of \$208,850 (Note 6(a)) and trade and other payables of \$101,108 in exchange for common shares at a deemed price of \$0.195 per common share. The value of the Montana shares on March 14, 2017 was \$0.22 per common share. The difference between the carrying amount of the financial liabilities extinguished of \$309,958 and the fair value of the common shares at the date of issuance of \$349,696 was \$39,738 which was recognized as a loss on settlement of debt and trade and other payables. This non-cash transaction has been excluded from the condensed interim consolidated statement of cash flows.

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c) Contributed surplus

The fair value of share options granted to employees, including key management personnel, as part of their remuneration is recognized as share-based compensation with a corresponding increase in contributed surplus. When options are subsequently exercised, the fair value of such options in contributed surplus is credited to share capital.

	Amount \$
Balance, December 31, 2015	10,875,338
Share-based compensation	93,821
Fair value discount on promissory note, net of deferred tax (Note 6(b))	91,250
Balance, December 31, 2016 and September 30, 2017	11,060,409

10. Share-based compensation

The Company has implemented a long-term incentive plan that allows management to award stock options to eligible directors, officers, employees and contractors for up to a maximum of 10 percent of its issued and outstanding common shares at market price at the date of the grant. The outstanding options under this plan vest over three years and have a term of five years.

At September 30, 2017, the Company had the following outstanding stock options issued to directors and staff pursuant to the Company's incentive stock option plan:

	September 30, 2017		December 31, 2016	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	1,561,309	\$0.90	2,036,809	\$0.90
Granted	-	-	-	-
Granted as replacement options	-	-	-	-
Forfeited and expired	(141,600)	\$0.72	(475,500)	\$1.07
Exercised	-	-	-	-
Outstanding at end of period	1,419,709	\$0.96	1,561,309	\$0.94
Exercisable at end of period	1,419,709	\$0.96	1,561,309	\$0.94

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The following table summarizes the expiry terms and exercise prices of the Company's outstanding stock options as of September 30, 2017:

Number of options	Exercise price	Weighted average remaining contractual life (years)	Expiry date	Number of options exercisable
1,230,000	1.00	1.77	July 8, 2019	1,230,000
40,909	1.00	1.81	July 22, 2019	40,909
148,800	0.65	2.13	November 17, 2019	148,800
1,419,709	\$0.96	1.81		1,419,709

During nine and three months ended September 30, 2017, \$nil (nine and three months ended September 30, 2016 - \$93,821 and \$3,890) in share-based compensation cost was incurred.

11. Financing expense

Net finance expenses recognized in the condensed interim consolidated statements of comprehensive loss are comprised of:

	For the nine months ended September 30		For the three months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Interest expense	246,884	162,524	77,323	66,170
Accretion of long-term promissory note (Note 6(b))	52,806	32,236	18,173	14,593
Accretion of carried working interest receivable	-	(91,833)	-	(31,581)
Accretion of decommissioning liabilities (Note 8)	33,062	40,551	10,638	12,566
	332,752	143,478	106,134	61,748

12. Loss per share

	Net loss for the period	Weighted average number of shares	Per share amount
	\$		\$
September 30, 2016			
Three months ended – basic and diluted	(797,000)	49,790,875	(0.02)
Nine months ended – basic and diluted	(2,646,799)	49,790,875	(0.05)
September 30, 2017			
Three months ended – basic and diluted	(572,119)	59,053,455	(0.01)
Nine months ended – basic and diluted	(1,653,987)	58,178,714	(0.03)

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13. Segmented Reporting

The Company earns income from two geographical regions and reports on this basis as follows:

For the 3 months ended:	September 30, 2017			September 30, 2016		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Revenues, net of royalties	25,985	87,851	113,836	49,878	200,378	250,256
Loss before tax	(303,082)	(269,037)	(572,119)	(644,056)	(152,944)	(797,000)
Total assets	361,957	5,186,524	5,548,481	372,431	7,601,690	7,974,121
Property, plant and equipment assets	12,669	1,000,645	1,013,314	17,059	73,105	90,164
Exploration and evaluation assets	-	3,409,727	3,409,727	-	4,585,748	4,585,748
Capital additions	-	506	506	-	56,626	56,626
Total liabilities	8,800,514	4,017,025	12,817,539	8,405,528	6,282,632	14,688,160

For the 9 months ended:	September 30, 2017			September 30, 2016		
	Canada \$	USA \$	Total \$	Canada \$	USA \$	Total \$
Revenues, net of royalties	140,244	268,914	409,158	177,328	314,923	492,251
Loss before tax	(911,778)	(742,209)	(1,653,987)	(1,826,409)	(854,140)	(2,680,549)
Total assets	361,957	5,186,524	5,548,481	372,431	7,601,690	7,974,121
Property, plant and equipment assets	12,669	1,000,645	1,013,314	17,059	73,105	90,164
Exploration and evaluation assets	-	3,409,727	3,409,727	-	4,585,748	4,585,748
Capital additions	-	33,584	33,584	-	215,208	215,208
Total liabilities	8,800,514	4,017,025	12,817,539	8,405,528	6,282,632	14,688,160

14. Contingency

- Promissory notes in the amount of \$559,031 (Note 6(a)) were due and payable in 2013. Holders of these promissory notes have the right to pursue remedies available under the general security agreement associated with the promissory notes.
- Promissory notes in the amount of \$1,019,377 (\$785,526 USD) and \$519,080 (\$400,000 USD) were due and payable on December 30, 2016 and July 27, 2017, respectively (Note 6(c)). Subsequent to September 30, 2017, the October 2016 notes totaling \$549,120 (\$440,000 USD) also became due and payable, and were also not paid. The holder of these notes, a related party, has the right to pursue remedies available under his security agreement. The Company is in the process of negotiating an extension on these loans.
- One of the Company's joint venture partners has initiated legal action seeking payment of invoices and liquidated damages of \$329,037. The Company does not dispute the amount owing. Judgements were awarded by the Courts for \$332,524 on December 7, 2016. Payments of approximately \$150,000 have been made to November 20, 2017 in conjunction with the enforcement of the judgement. All amounts have been fully accrued in the September 30, 2017 trade and other payables balance.

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- d) The Company has creditors who are unsatisfied with slow and late payments. Montana has been able to negotiate payment arrangements including payment deferrals with certain of these creditors, and negotiations are ongoing. The Company is very limited in its ability to make any cash payments, and is examining the potential of paying as the company raises equity or through the issue of new shares.
- e) The Company is involved in litigation and claims arising from former properties of GFP Texas Inc. and are considered in the normal course of operations. Management is of the judgement that pending litigation will not have a material impact on Montana's financial position or results of operations and the claims are without merit. The Company believes its chances of having this matter dismissed are high.

15. Risk Management

Financial risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations and interest rates). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The maximum exposure to credit risk at September 30, 2017 is the carrying value of cash, trade and other receivables and deposits.

The Company's deposits are primarily due from provincial and US state governments and are viewed by management as having minimal credit risk.

The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash balances. Liquidity requirements are managed based on expected cash flow to ensure that there is capital to meet short term and long term obligations. As disclosed in Note 2, the Company is currently facing liquidity challenges and its ability to continue as a going concern is dependent on many factors.

Additional information regarding liquidity risk is disclosed in Note 2.

Market risk

Market risk is the risk that changes in commodity prices, foreign exchange rates and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company may utilize both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions would be conducted with approval and authorization from the Board of Directors.

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Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign currency fluctuations on transactions conducted in foreign currencies other than the functional currency and in the carrying value of the Company's subsidiaries, some of which have the USD as their functional currency, and are translated to the Canadian presentation currency. The majority of the Company's revenue and production and transportation expenses are translated and denominated in USD.

Commodity price risk

Commodity price risk is the risk that the fair value of future funds flow will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian Dollar and the US Dollar, but also world economic events that dictate the levels of supply and demand. Montana's management continuously monitors commodity prices and initiates instruments to manage exposure to these risks when it deems appropriate. The use of derivative instruments would be approved and authorized by the Board of Directors. Under the Company's risk management policy, financial derivatives are not to be used for speculative purposes. There were no commodity price financial derivatives outstanding as at September 30, 2017 or December 31, 2016.

Non-operator risk

Non-operator risk refers to the Company's difficulty in influencing operational decisions respecting its non-operated properties. The Company is not the operator of the vast majority of its properties in Canada, and many of its US properties as well. Operational decisions relating to non-operated properties are therefore not within the Company's control. When a property is not economic and is losing money, the Company is not able to make or influence the decision of whether or not to shut that property in. The Company also has no influence over maintenance spending decisions, or the timing of abandonments, and the Company is required to pay the costs relating to those properties as they are billed.

Board of Directors

CHARLES V. SELBY, B.SC. (HONS.) J.D., P.ENG.

Mr. Selby has more than 30 years of involvement in all aspects of the oil and gas industry. Mr. Selby was employed with Chevron Standard in Alberta and in the Kingdom of Saudi Arabia, and practised law with two major legal firms in Calgary for ten years prior to pursuing independent professional and investment activities in August 1994 as President of Selby Professional Corporation. Mr. Selby was formerly Vice President of the Pengrowth Corporation. Mr. Selby serves on the boards of several public and private companies related to the oil and gas industry and the provision of technology to that industry.

DONALD E. FOULKES, B.SC., P.GEOL.

Mr. Foulkes has over 45 years of oil and gas experience with private and public companies in Canada, the United States and internationally. Prior to joining Montana (formerly AltaCanada), Mr. Foulkes was Chairman and Chief Executive Officer of Causeway Energy Corp. from 1998 until its sale to Pan-Canadian in August of 2001.

MICHAEL J. HIBBERD, BA, MBA, LLB. *

Mr. Hibberd has extensive capital markets and mergers and acquisitions experience. Mr. Hibberd serves on a number of public company boards and acts as an advisor to a number of Calgary based companies with North American and international oil and gas operations.

JAMES W. COLLINS *

Mr. Collins is an independent businessman and corporate director. He is Chairman of Rioco Corp. Real Estate Services, LLC, in McAllen, Texas, a commercial brokerage, management and investment real estate Corporation. Mr. Collins is also President of Mayfair Properties, LLC. In McAllen, Texas, involved in real estate, oil and gas, agri-business and investments. Prior to this he was Corporate Secretary and Assistant Vice President, Sunshine Mining Corporation, Dallas, Texas, a Corporation with interests in silver, mining, and oil and gas and manufacturing. Mr. Collins serves on the Board of Directors of several corporations and institutions, and was previously on the Board of Bushmills Energy Corp. He achieved an MBA in Finance, Accounting and Real Estate from Southern Methodist University, Dallas, Texas.

JULIAN McINTYRE

Mr. McIntyre is the founder and principal of McIntyre Partners and former founder and principal of Gateway Communications Group.

ALLAN BEZANSON *

Having served as Interim President of Range Resources since 2012, Mr. Bezanson has been in the energy industry for a number of years. He has been Managing Director of Nowco BV, President and Partner of Obellan Capital and Osprey Capital Partners. He has also served on the Boards of Directors of Bluewave Energy, Hawkstone Energy Corp, Brilliant Resources Inc, iLOOKABOUT Corp. and Longford Energy Inc.

* Member of Audit Committee

Montana Exploration Corp.

2300, 144 - 4TH Avenue SW,
Calgary, Alberta, Canada T2P 3N4
Tel: 403.265.9091 Fax: 403.265.9021
E-mail: info@montanaexplorationcorp.com
www.montanaexplorationcorp.com

CORPORATE OFFICERS

Charles V. Selby
Executive Chairman and Chief Executive Officer

Donald E. Foulkes
President and interim Chief Financial Officer

Donald L. Jackson
Executive Vice-President and Chief Operating Officer

SENIOR TEAM MEMBERS

Dale Stoodley, MT Operations Manager
Ian Page, Vice President of Exploration
Tanis James, Financial Consultant

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

BANKERS

National Bank of Canada
Calgary, Alberta

AUDITORS

Collins Barrow Calgary LLP
Calgary, Alberta

EVALUATION ENGINEERS

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Inquiries regarding changes of address, registered shareholdings, stock transfers or lost certificates should be directed to:

Computershare Trust Company of Canada
Attention: Stock Transfer Department
630, 530-8th Avenue SW
Calgary, Alberta T2P 3S8
Tel: 403.267.6555
Fax: 403.267.6529

STOCK EXCHANGE

The TSX Venture Exchange, Symbol: MTZ

VOLUME REPORTING

Where volumes are reported in barrels of oil equivalent, gas is converted to oil at six thousand cubic feet per barrel, unless stated otherwise.

FINANCIAL REPORTING

All amounts are in Canadian dollars, unless otherwise stated. Montana Exploration's fiscal year-end is December 31.