SAMOTH OILFIELD INC.

Condensed Interim Financial Statements

For the three and nine months ended July 31, 2016 and 2015

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim financial statements of Samoth Oilfield Inc. for the three and nine month periods ended July 31, 2016 have not been reviewed by the Company's external auditors.

SAMOTH OILFIELD INC.

Statements of Financial Position

	July 31, 2016 **(Unaudited)**	October 31, 2015 (Audited**)**
ASSETS		
Current Assets:		
Cash	$15,321	$83,454
Trade and other receivables	15,005	3,061
Prepaids and deposits	618,502	582,438
	648,828	668,953
Deposit on equipment (Note 5c)	-	400,000
Property, plant and equipment (Note 4)	386,260	-
	386,260	400,000
	$1,035,088	$1,068,953
LIABILITIES AND EQUITY		
Current Liabilities:		
Trade and other payables	$122,888	$165,080
Decommissioning liabilities (Note 8)	249,099	251,580
	371,987	416,660
EQUITY		
Share capital (Note 9)	2,999,603	2,980,203
Warrants (Note 9)	-	5,000
Contributed surplus	366,870	371,370
Deficit	(2,703,372)	(2,704,280)
	663,101	652,293
	$1,035,088	$1,068,953

Going concern (Note 2)

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

Approved on behalf of the Board:

"Leonard D. Jaroszuk" Director

"Des O'Kell" Director

SAMOTH OILFIELD INC.

Statements of Income (loss) and Comprehensive Income (loss)

(Unaudited)

	Three months July 31, 2016	Three months July 31, 2015	Nine months July 31, 2016	Nine months July 31, 2015
Revenue				
Petroleum and natural gas sales, net of royalties (recovered)	$-	$(6,034)	$-	$(6,914)
Expenses				
Production and transportation	14,351	14,701	64,820	55,922
Impairment (recovered) (Note 8)	(862)	(88)	(1,402)	(264)
Finance expense (recovered) (Note 8)	43	(179)	(1,079)	(537)
Depreciation (Note 4)	4,995	-	13,320	-
General and administrative	31,427	5,122	85,933	61,085
	49,954	19,556	161,591	116,206
Loss before other income	(49,954)	(25,590)	(161,592)	(123,120)
Other income				
Rental revenue	37,500	-	162,500	-
Net income (loss) and comprehensive income (loss)	$(12,454)	$(25,590)	$908	$(123,120)
Income (loss) per share				
Basic	$(0.000)	$(0.001)	$0.000	$(0.006)
Diluted	$(0.000)	$(0.001)	$0.000	$(0.006)
Weighted average number of common shares outstanding				
Basic	31,412,005	24,662,874	31,393,124	22,310,099
Diluted	32,375,611	24,662,874	32,267,222	22,310,099

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

SAMOTH OILFIELD INC.

Statements of Changes in Equity

(Unaudited)

	Share Capital (Note 9)	Warrants (Note 10)	Contributed Surplus	Deficit	Total
Balance as at October 31, 2014	**$2,248,953**	**$248,750**	**$371,370**	**$(2,574,078)**	**$294,995**
Warrants exercised	690,000	(230,000)	-	-	460,000
Net loss	-	-	-	(123,120)	(123,120)
Balance as at July 31, 2015	**$2,938,953**	**$18,750**	**$371,370**	**$(2,697,198)**	**$631,875**
Balance as at October 31, 2015	**$2,980,203**	**$5,000**	**$371,370**	**$(2,704,280)**	**$652,293**
Stock options exercised (Note 6)	14,400	-	(4,500)	-	9,900
Expired warrants (Note 10)	5,000	(5,000)	-	-	-
Net income	-	-	-	**908**	**908**
Balance as at July 31, 2016	**$2,999,603**	**$-**	**$366,870**	**(2,703,372)**	**$663,101**

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

SAMOTH OILFIELD INC.

Statements of Cash Flows

(Unaudited)

Nine months ended July 31	2016	2015
Cash and cash equivalents provided by (used in):		
OPERATING ACTIVITIES:		
Net income (loss)	$908	$(123,120)
Items not affecting cash:		
Depletion (recovered) (Note 8)	(1,402)	(264)
Finance expense (recovered)	(1,079)	(537)
Depreciation	13,320	-
Change in non-cash working capital (Note 7)	(90,200)	(418,421)
	(78,453)	(542,342)
FINANCING ACTIVITIES:		
Proceeds from exercised warrants	-	460,000
Repayment of related party loan payable	-	(20,000)
Stock options exercised	9,900	-
	9,900	440,000
INVESTING ACTIVITIES:		
Deposit on property, plant and equipment	400,000	-
Purchase of property, plant and equipment	(399,580)	-
	420	-
Change in cash and cash equivalents	(68,133)	(102,342)
Cash and cash equivalents, beginning of period	83,454	306,218
Cash and cash equivalents, end of period	$15,321	$203,876

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

1. Reporting Entity and Corporate Information

Samoth Oilfield Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on May 8, 2006. The Company is engaged in the development and production of natural gas, and natural gas liquids in western Canada. The Company is listed on the TSX Venture Exchange, trading under the symbol SCD. The Company's registered office is #2, 64 Riel Drive, St. Albert, Alberta, Canada, T8N 4A4.

2. Going Concern

These unaudited condensed financial statements have been prepared on a 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 for the foreseeable future. As at July 31, 2016, the Company had working capital of $525,940 (October 31, 2015 - working capital of $503,873 and July 31, 2015 – working capital of $883,083) and an accumulated deficit of $2,703,372 (October 31, 2015 - accumulated deficit of $$2,704,280 and July 31, 2015 - $2,697,198). During the nine months ended July 31, 2016, the Company incurred a net income of $908 (nine months ended July 31, 2015 - net loss of $123,120) and negative cash flows from operations of $78,453 (nine months ended July 31, 2015 - negative cash flows of $542,342). These considerations create a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. The Company however, has no secured debt and does not expect to undertake any such obligations in the near future. The Company's ability to continue as a going concern is dependent upon cash flow from field operations and the sale of property and equipment that has previously been fully impaired. Realization of asset values may be substantially different from carrying values as disclosed at July 31, 2016, and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

3. Significant Accounting Policies

(a) Statement of compliance

The unaudited condensed interim financial statements are prepared by management and reported in Canadian dollars, in accordance with *International Accounting Standard "IAS" 34, "Interim Financial Reporting*" as issued by the *International Accounting Standards Board ("IASB")*. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2015 Financial Statements and the notes thereto.

The unaudited condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in notes 3, 11 and 15 to the Company's 2015 Financial Statements for the fiscal year ended October 31, 2015.

The financial statements were authorized for issue by the Board of Directors on September 25, 2016.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets that are measured at fair value.

3. Summary of Significant Accounting Policies *(cont'd)*

(c) Financial instruments
All financial assets are classified as fair value through profit or loss, available-for-sale, loans and receivables or held-to-maturity. All financial liabilities are classified as other financial liabilities or at fair value through profit or loss. All financial instruments are measured as fair value on initial recognition, with measurement in subsequent periods being dependent on the instrument's classification. Financial instruments classified at fair value through profit or loss are measured at fair value with changes in fair value recorded in the statement of loss. Financial assets classified as available-for-sale are measured at fair value with changes in fair value recognized in other comprehensive income. Financial instruments that are classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. The Company has classified marketable securities as fair value through profit or loss. Cash and cash equivalents, trade and other receivables and related party loan receivable are classified as loans and receivables and trade and other payables and related party loan payable as other financial liabilities. The Company accounts for the purchase or sale of a financial asset at the trade date which is the date the Company commits to buy or sell the financial asset. Transaction costs related to financial assets or financial liabilities other than those classified as fair value through profit or loss will be capitalized to the initial carrying
value of the financial asset or liability.

(d) Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, plus costs directly attributable to putting the asset in use and where applicable, an estimate of the costs of removing the item and site restoration.

Depreciation is calculated over the depreciable amount, which is the cost of asset less its residual value. Depreciation is not calculated for assets under construction until work is completed and the assets are put into use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets as follows:

Well site accommodations - 10 years

The useful lives, depreciation methods and residual values are reviewed at each reporting date for consistency with the expected pattern of economic benefits from the assets.

4. Property, Plant and Equipment

	Cost or deemed cost			Accumulated depreciation		
	Balance at October 31, 2015	Additions	Balance at July 31, 2016	Balance at October 31, 2015	Depreciation for the period	Balance at July 31, 2016
Well site accommodations	$-	399,580	$399,580	$-	13,320	$13,320

4. Property, Plant and Equipment *(cont'd)*

	Carrying Amounts	
	Balance at October 31, 2015	Balance at July 31, 2016
Well site accommodations	$-	$386,260

5. Related Party Transactions

(a) Related party loans payable

On December 19, 2014, the related party loan payable of $20,000 was fully repaid. The director's loan bore interest at 0% and was unsecured, due on demand with no set terms of repayment.

(b) Key management personnel compensation

The Company has determined key management personnel to be the Chief Executive Officer, Chief Financial Officer and board of directors. Compensation paid to key management personnel was:

	July 31, 2016	July 31, 2015
Management compensation	$15,000	$-
Total	$15,000	$-

(c) Deposit on equipment

On December 15, 2015, the Company entered an agreement with a Company related due to common directors, to purchase certain mobile well site office and accommodation units, for aggregate cash consideration of $419,559, of which $400,000 was paid as a deposit as of October 31, 2015. The Company has also entered into an agreement to lease these units back to the vendor at market rates, for a lease term of eighteen months, with additional month to month rentals based on mutual agreement between the parties.

6. Stock Options

Pursuant to the Company's stock option plan, the Company may reserve a maximum of 10% of the total issued and outstanding listed common shares with the exercise price and term to be determined by the Board of Directors on the date of issuance of the options. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants or employees will not exceed two percent of the issued and outstanding common shares.

6. Stock Options *(cont'd)*

A summary of stock option activity in the period is as follows:

	Nine months ended July 31, 2016		Year ended October 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding options, beginning of period	2,071,889	$0.08	2,071,889	$0.08
Exercised	(180,000)	(0.06)	-	-
Outstanding options, end of period	1,891,889	$0.08	2,071,889	$0.08
Exercisable options, end of period	1,891,889	$0.08	2,071,889	$0.08

A summary of the options outstanding and exercisable at July 31, 2016 is as follows:

Exercise Price	Number of Options	Remaining Contractual Life (years)
$0.10	1,071,889	5.5
$0.06	820,000	7.3
$0.08	1,891,889	

During the nine months ended July 31, 2016, share-based payments expense of $nil was expensed (year ended October 31, 2015 - $nil).

7. Supplemental Information

Changes in operating non-cash working capital consisted of the following:

	Nine months July 31, 2016	Nine months July 31, 2015
Trade and other receivables	$(11,944)	$14,607
Prepaids and deposits	(36,065)	(42,711)
Trade and other payables	(42,191)	9,682
	$(90,200)	$(418,421)

8. Decommissioning Liabilities

The following table presents the reconciliation of beginning and ending aggregate carrying amount of obligations associated with the decommissioning of the Company's oil and gas assets:

	Nine months July 31, 2016	Year ended October 31, 2015
Balance, beginning of period	$251,580	$252,010
Finance (recovered) expense	(1,079)	3,957
Revisions of estimates	(1,402)	(4,387)
Balance, end of period	$249,099	$251,580

At October 31, 2015, the total undiscounted amount of estimated cash flows required to settle the obligation was $256,595 which has been adjusted for inflation using a weighted average estimated inflation rate of 2% and, subsequently discounted using an unadjusted risk free rate of 0.66%. The cash flows related to reclamation and abandonment costs are expected to be incurred between 2015 and 2021. An increase in the risk free rate of 1% would result in a decrease in the liability of $7,321.

9. Share Capital

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. No preferred shares have currently been issued.

Issued and outstanding:

	July 31, 2016		October 31, 2015	
	Amount	Number of Shares	Amount	Number of Shares
Common shares				
Balance, beginning of period	$2,980,203	31,267,222	$2,248,953	21,517,222
Expired warrants	5,000	-	-	-
Stock options exercised	14,400	180,000	-	-
Warrants exercised	-	-	731,250	9,750,000
Balance, end of period	$2,999,603	31,447,222	$2,980,203	31,267,222

10. Warrants

A summary of warrants activity in the period is as follows:

	Nine months ended July 31, 2016			Year ended October 31, 2015		
	Amount	Number of Warrants	Weighted Average Exercise Price	Amount	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, beginning of period	$5,000	200,000	$0.05	$248,750	9,950,000	$0.05
Expired warrants	(5,000)	(200,000)	$0.05	-	-	-
Exercised	-	-		(243,750)	(9,750,000)	$0.05
Outstanding warrants, end of period	$-	-	-	$5,000	200,000	$0.05
Exercisable warrants, end of period	$-	-	-	$5,000	200,000	$0.05

11. Risk Management

(a) Fair value of financial assets and liabilities

The Company's financial instruments consisted of cash and cash equivalents, trade and other receivables, trade and other payables and related party loans payable.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the short term nature of these items. The fair value of marketable securities are included in Level 1 inputs of the hierarchy of fair value instruments. The fair value of related party loans receivable and related party loans payable approximate carrying value as they are due on demand.

b) Risks associated with financial assets and liabilities

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk
The Company is exposed to credit risk which is the risk that a counterparty will fail to perform an obligation or settle a liability. Virtually all of the Company's accounts receivable are due from joint venture partners in the oil and gas industry. The Company generally extends unsecured credit to these parties and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Company's maximum exposure to credit risk on the sale of petroleum and natural gas production is approximately two months of production which is $nil.

Liquidity risk
Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's financial liabilities are comprised of trade and other payables. As at July 31, 2016, all trade and other payables are due within twelve months or less of the reporting date. The Company manages its risk of not meeting its financial obligations through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net loss or the value of financial instruments. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits, while maximizing returns.

Foreign exchange rate risk
The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the US dollar. Crude oil and natural gas prices are referenced to U.S. dollar denominated prices while the majority of the Company's expenses are denominated in Canadian dollars. As at July 31, 2016, October 31, 2015 and July 31, 2015, the Company had no financial instruments denominated in foreign currencies, no forward foreign exchange contracts in place, nor any significant working capital items denominated in foreign currencies.

Commodity price risk
The Company is exposed to commodity price movements as part of its normal oil and gas operations. Oil and natural gas prices are impacted by global supply and demand, as well as political and other forces. Prices continue to be volatile and can undergo significant changes in relatively short time periods. Management continuously monitors commodity prices and initiates instruments to manage its exposure to these risks when it deems necessary. The Company did not enter into any fixed forward contracts or derivative financial instruments during the nine months ended July 31, 2016 or during the year ended October 31, 2015 and has no outstanding fixed forward contracts or derivative financial instruments as at July 31, 2016, October 31, 2015 or as at July 31, 2015.

12. Capital Management

The Company's capital consists of equity. The Company has no bank debt. The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; to perform development activities on its petroleum and natural gas projects; and to seek out and acquire new projects of merit. Funds are secured through debt financing or equity capital. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits. The Company may, from time to time, invest its capital in short-term, liquid and highly rated financial instruments held with major financial institutions or in marketable securities. The Company does not maintain a formal investing strategy. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may from time to time, issue shares, obtain debt financing and adjust its capital spending. There were no changes in the Company's approach to capital management from the previous year. The Company does not have any externally imposed capital restrictions.

13. Segmented Disclosure

The Corporation has one operating segment; oil and gas exploration and production. At July 31, 2016, October 31, 2015 and July 31, 2015, all of the Corporation's assets were held in Canada.