

YORKTON VENTURES INC.

Condensed Interim Financial Statements

For the Six-Month Period Ended December 31, 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of Management of Yorkton Ventures Inc., and have not been reviewed by the Company's independent auditors.

December 31, 2018

YORKTON VENTURES INC.

Interim statements of financial position
(Expressed in Canadian dollars)

	December 31, 2018 \$ (unaudited)	June 30, 2018 \$ (audited)
Assets		
Current assets		
Cash	907,004	968,327
GST receivable	1,170	1,732
Accrued interest receivable	25,503	19,455
Loans receivable (Note 3)	150,000	150,000
Total assets	1,083,677	1,139,514
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	131	522
Total liabilities	131	522
Shareholders' equity		
Share capital	1,524,566	1,524,566
Share-based payment reserve	303,099	303,099
Deficit	(744,119)	(688,673)
Total shareholders' equity	1,083,546	1,138,992
Total liabilities and shareholders' equity	1,083,677	1,139,514
Nature of operations (Note 1)		

Approved and authorized for issuance by the Board of Directors on March 1, 2019:

Signed "Kevin Patterson"

Kevin Patterson, Director

Signed "Nick Watters"

Nick Watters, Director

(The accompanying notes are an integral part of these financial statements)

YORKTON VENTURES INC.

Interim statements of operations and comprehensive income (loss)

(Expressed in Canadian dollars)

(Unaudited – Prepared by management)

	Three months ended December 31, 2018 \$	Three months ended December 31, 2017 \$	Six months ended December 31, 2018 \$	Six months ended December 31, 2017 \$
Expenses				
General and administrative	1,585	3,859	6,495	5,366
Management and consulting fees (Note 4)	16,000	24,000	40,000	44,500
Professional fees (Note 4)	6,000	16,979	15,000	24,479
Total expenses	23,585	44,838	61,495	74,345
Loss before other income	(23,585)	(44,838)	(61,495)	(74,345)
Other income				
Interest income	3,024	3,004	6,048	6,029
Net loss and comprehensive loss for the period	(20,561)	(41,834)	(55,447)	(68,316)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average shares outstanding	12,000,000	12,000,000	12,000,000	9,000,000

(The accompanying notes are an integral part of these financial statements)

YORKTON VENTURES INC.

Interim statement of changes in equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by management)

	Share capital		Share-based payment Reserve	Deficit	Total shareholders' equity
	Number	Amount \$	\$	\$	\$
Balance, June 30, 2017	9,000,000	1,074,566	303,099	(550,378)	827,287
Net loss for the period	–	–	–	(68,316)	(68,316)
Balance, December 31, 2017	9,000,000	1,074,566	303,099	(618,694)	758,971
Balance, June 30, 2018	12,000,000	1,524,566	303,099	(688,673)	1,138,992
Net loss for the period	–	–	–	(55,447)	(55,447)
Balance, December 31, 2018	12,000,000	1,524,566	303,099	(744,119)	1,083,546

(The accompanying notes are an integral part of these financial statements)

YORKTON VENTURES INC.

Interim statements of cash flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by management)

	Six months ended December 31, 2018 \$	Six months ended December 31, 2017 \$
Operating activities:		
Net loss for the period	(55,447)	(68,316)
Changes in non-cash operating working capital:		
Accounts receivable	–	–
GST receivable	561	(897)
Funds placed in trust	–	(2,260)
Accrued interest receivable	(6,048)	(6,029)
Accounts payable and accrued liabilities	(391)	232
Net cash used in operating activities	(61,323)	(77,270)
Investing activities:		
Issuance of loan receivable	–	–
Proceeds from assets held for sale	–	–
Net cash provided by investing activities	–	–
Financing activities:		
Proceeds from issuance of common shares	–	–
Net cash provided by financing activities	–	–
Change in cash	(61,323)	(77,270)
Cash, beginning of period	968,327	668,743
Cash, end of period	907,004	591,473

(The accompanying notes are an integral part of these financial statements)

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Yorkton Ventures Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on August 30, 2006 as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company has historically been engaged in the acquisition, exploration, and development of prospective oil and gas properties. The Company intends to work to identify and evaluate other properties and exploration programs and/or other business models and opportunities. The Company's head office is located at 6012 - 85 Avenue, Edmonton, AB, T6B 0J5.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at December 31, 2018, the Company had an accumulated deficit of \$744,119 since inception. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company currently has sufficient resources to funds its operations for more than a year.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), comply with International Accounting Standard 34, *Interim Financial Reporting*, and do not include all of the information required for full annual financial statements.

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

(b) Use of Estimates and Judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of loans receivable and accrued interest receivable, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the recoverability of property and equipment and going concern assumption. The application of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(d) Accounts Receivable

Accounts receivable represents amounts owed from oil and gas operators for the Company's working interest in the oil and gas properties held and is presented net of the allowance for doubtful accounts which represents the Company's best estimates of the amount of probable credit losses in the existing accounts receivable balance. The Company determines allowance for doubtful accounts based upon historical experience and current economic conditions and reviews the adequacy of its allowance for doubtful accounts on a regular basis.

(e) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of GST receivable, accrued interest receivable, and loans receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(f) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(h) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the year and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the year. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2018 the Company had nil (2017 - 3,000,000) potentially dilutive shares outstanding.

(i) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(k) Accounting Standards Issued But Not Yet Effective

The following new standards, and amendments to standards and interpretations, are not yet effective for the six-month period ended December 31, 2018, and have not been applied in preparing these condensed interim financial statements:

- IFRS 9, Financial Instruments (New)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

3. Loans Receivable

- (a) On June 27, 2016, the Company entered into a promissory note receivable agreement for \$75,000 with an unrelated company. The loan receivable bears interest at 6% per annum, is unsecured, and is due on demand.
- (b) On February 8, 2017, the Company entered into a promissory note receivable agreement for \$75,000 with an unrelated company. The loan receivable bears interest at 10% per annum, is unsecured, and is due on demand.

4. Related Party Transactions

- (a) During the three-month period ended December 31, 2018, the Company incurred management fees of \$3,000 (2017 - \$6,000) to a company controlled by the President of the Company.
- (b) During the three-month period ended December 31, 2018, the Company incurred management fees of \$14,000 (2017 - \$38,500) to a company controlled by the Chief Financial Officer of the Company.
- (c) During the three-month period ended December 31, 2018, the Company incurred professional fees of \$6,000 (2017 - \$15,000) to a company controlled by the Chief Financial Officer of the Company.

5. Share Capital

Authorized: Unlimited number of common shares without par value

6. Stock Options

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2016 and 2017	3,000,000	0.15
Exercised	(3,000,000)	0.15
Balance, December 31, 2018	—	—

YORKTON VENTURES INC.

Notes to the condensed interim financial statements
Six-month periods ended December 31, 2018 and 2017
(Expressed in Canadian dollars)

8. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2018, as follows:

	Fair Value Measurements Using			Balance, December 31, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	907,004	—	—	907,004

The fair values of other financial instruments, which include GST receivable, accrued interest receivable, loans receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, GST receivable, and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Given the nature of the Company's financial assets, it believes that liquidity risk is relatively low.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2018.