CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIODS ENDED MARCH 31, 2018 AND 2017

PIERIDAE ENERGY

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[Expressed in thousands Canadian dollars]

	As at March 31, 2018 $	As at December 31, 2017 $
ASSETS		
Current		
Cash and cash equivalents *[note 4]*	**17,301**	19,619
Cash and cash equivalents held for exploration purposes *[note 4]*	**1,624**	1,619
Accounts receivable *[note 5]*	**1,217**	1,092
Prepaid expenses	**124**	122
Total current assets	**20,266**	22,452
Non-current		
Restricted cash equivalents *[note 4]*	**630**	630
Security deposits *[note 12]*	**600**	600
Interests in associates *[note 6]*	**3,731**	3,734
Property, plant and equipment *[note 7]*	**4,156**	3,802
Exploration and evaluation assets *[note 8]*	**43,024**	42,827
Total non-current assets	**52,141**	51,593
	72,407	74,045
LIABILITIES AND EQUITY		
Current		
Trade and other payables *[note 9]*	**1,732**	2,210
Current portion of deferred lease inducements	**19**	19
Current portion of bank borrowings	**7**	7
Partner advances for planned exploration work *[note 10]*	**664**	679
Provision for contingent liability *[note 12]*	**528**	583
Current portion of the provision for site restoration *[note 12]*	**761**	610
Liability related to flow-through shares *[note 11]*	**104**	104
Promissory notes	—	25
Deferred accounts payable *[note 14]*	**8,353**	7,836
Total current liabilities	**12,168**	12,073
Non-current		
Partners' share in security deposits *[note 12]*	**294**	294
Deferred lease inducements	**174**	179
Bank borrowings	**5**	7
Provision for site restoration *[note 12]*	**2,144**	2,130
Total non-current liabilities	**2,617**	2,610
Total liabilities	**14,785**	14,683
Equity		
Share capital *[note 15]*	**128,919**	128,804
Contributed surplus	**8,042**	6,715
Deficit	**(80,575)**	(77,633)
Accumulated other comprenhensive income	**1,360**	1,583
Equity attributable to equity holders of the Company	**57,746**	59,469
Non-controlling interests	**(124)**	(107)
Total shareholders' equity	**57,622**	59,362
	72,407	74,045

Contingencies *[note 12 and 19]*

See accompanying notes

On behalf of the Board of Directors,

(signed) Myron Tétreault ______________ ______________________________

UNAUDITED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

[Expressed in thousands Canadian dollars]

For the periods ended March 31

	2018 [3 months] $	2017 [3 months] $
Revenues		
Project management	**16**	—
	16	—
Expenses		
Administrative expenses	**1,682**	193
Operating expenses	**1,013**	733
Financial income and expenses	**(19)**	381
Loss on conversion right	—	718
Loss on foreign exchange	**296**	15
Share of net loss of associates *[note 6]*	**3**	30
	2,975	2,070
Net loss for the year	**(2,959)**	(2,070)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:		
Exchange differences on translation of foreign operations	**(223)**	192
Net comprehensive loss for the year	**(3,182)**	(1,878)
Net loss attributable to		
Equity holders of the Company	**(2,942)**	(2,058)
Non-controlling interests	**(17)**	(12)
Net loss per share attributable to equity holders of the Company		
Basic and diluted *[note 16]*	**(0.06)**	(0.06)

See accompanying notes

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[Expressed in thousands Canadian dollars]

	Common shares	Share capital	Warrants	Contributed surplus	Deficit	Foreign currency translation reserve	Total equity	Non-controlling interests	Total equity
	#	$	$	$	$	$	$	$	$
Balance as at December 31, 2016	15,599,158	44,668	—	5,896	(68,808)	1,287	(16,957)	(88)	(17,045)
Share-based compensation	24,166	218	—	3,341	—	—	3,559	—	3,559
Share issued on stock option exercise	300,000	2,724	—	(2,424)	—	—	300	—	300
Share issuance	2,052,130	25,652	—	—	—	—	25,652	—	25,652
Issuance costs	—	(1,043)	—	—	—	—	(1,043)	—	(1,043)
Conversion of Convertible loan	499,120	6,239	—	—	—	—	6,239	—	6,239
Balance as at October 24, 2017	18,474,574	78,458	—	6,813	(68,808)	1,287	17,750	(88)	17,662
Shares exchanged on reverse takeover	(18,474,574)	(78,458)	—	—	—	—	(78,458)	—	(78,458)
Existing shares of Pieridae Energy prior to reverse takeover	40,750,343	78,458	—	—	—	—	78,458	—	78,458
Shares issued to shareholders of Petrolia Inc. on reverse takeover	9,043,726	51,251	—	—	—	—	51,251	—	51,251
Issuance costs	—	(1,395)	—	—	—	—	(1,395)	—	(1,395)
Share-based compensation	—	—	—	56	—	—	56	—	56
Share issued on stock option exercise	687,128	490	—	(154)	—	—	336	—	336
Non-controlling interests	—	—	—	—	—	—	—	80	80
Net loss and comprehensive loss	—	—		—	(8,825)	296	(8,529)	(99)	(8,628)
Balance as at December 31, 2017	**50,481,197**	**128,804**	**—**	**6,715**	**(77,633)**	**1,583**	**59,469**	**(107)**	**59,362**
Share-based compensation *[note 15]*	—	—	—	1,327	—	—	1,327	—	1,327
Share issued on stock option exercise	36,405	115	—	—	—	—	115	—	115
Non-controlling interests	—	—	—	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	(2,942)	(223)	(3,165)	(17)	(3,182)
Balance as at March 31, 2018	**50,517,602**	**128,919**	**—**	**8,042**	**(80,575)**	**1,360**	**57,746**	**(124)**	**57,622**

See accompanying notes

PIERIDAE ENERGY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

[Expressed in thousands Canadian dollars]

For the periods ended March 31

	2018 [3 months] $	2017 [3 months] $
OPERATING ACTIVITIES		
Net loss	**(2,959)**	(2,070)
Items not affecting cash:		
Depreciation of property, plant and equipment	**5**	2
Share-based compensation	**1,218**	342
Amortization of deferred lease inducements	**(3)**	—
Accretion expense	**14**	142
Share of net loss of associates *[note 6]*	**3**	30
Loss on conversion right *[note 13]*	**—**	718
Foreign exchange loss	**296**	15
	(1,426)	**(821)**
Net change in non-cash operating items		
Receivables	**26**	107
Prepaid expenses	**(2)**	—
Trade and other payables	**(691)**	568
Provision for contingent liabilities *[note 12]*	**(55)**	—
	(722)	675
Cash flows related to operating activities	**(2,148)**	(146)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(33)**	—
Acquisitions of oil and gas properties, net of recovered amounts	**(29)**	—
Increase in exploration and evaluation costs, net of recovered amounts	**(189)**	—
Cash flows related to investing activities	**(251)**	—
FINANCING ACTIVITIES		
Issuance of share capital, net of costs *[note 15]*	**115**	—
Decrease in restricted cash and cash equivalent *[note 4]*	**—**	37
Repayment of bank borrowings	**(2)**	—
Issuance of promissory note	**—**	25
Repayment of promissory note	**(25)**	—
Cash flows related to financing activities	**88**	62
Net decrease in cash and cash equivalents	**(2,311)**	(84)
Cash and cash equivalents, beginning of period	**21,238**	197
Net foreign exchange difference	**(2)**	77
Cash and cash equivalents, end of period *[note 20]*	**18,925**	190

See accompanying notes

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the periods ended March 31, 2018 and 2017

1. INCORPORATION, NATURE OF OPERATIONS, CONDENSED FINANCIAL INFORMATION AND APPROVAL

Incorporation and nature of business

Pieridae Energy Limited [the "Company" or "Pieridae"], was incorporated on May 29, 2012 under the laws of Canada to invest in the development of a fully integrated liquefied natural gas ["LNG"] project to be built in Goldboro, Nova Scotia. The Company is headquartered at 1600-333 7th Avenue SW, Calgary, Alberta, T2P 2Z1.

Approval date

These condensed interim consolidated financial statements for the three-month period ended March 31, 2018 and 2017 were approved by the Board of Directors on May 23, 2018.

Non-controlling interest

During 2014, the Company, Pieridae Energy (Canada) Ltd. and Uniper entered into an agreement, whereby Uniper acquired 1% ownership in Goldboro LNG LP and Pieridae Energy (Canada) Ltd. As at March 31, 2018, the ownership of Uniper was 0.8%.

2. BASIS FOR THE PREPARATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were prepared in accordance with applicable IFRS and IAS 34, *Interim Financial Reporting*, published by the International Accounting Standards Board (IASB) and set out in the *CPA Canada Handbook*. The accounting policies and the methods of computation applied in these condensed interim consolidated financial statements are the same as those in the most recent annual financial statements. The condensed interim consolidated financial statements should be read in conjunction with the audited annual financial statements for the fiscal year ended December 31, 2017, including the notes thereto.

All amounts are expressed in Canadian dollars unless stated otherwise.

3. CHANGES IN ACCOUNTING POLICIES

3.1 Standards adopted during the current year

As at January 1, 2018, the Company adopted the following standards:

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued IFRS 9, *Financial Instruments*, which makes the following changes to the recognition of financial instruments:

- The classification and measurement approach for financial assets must reflect the business model with which they are managed and their cash flow characteristics;
- Impairment is to be based on the expected credit loss model;
- Hedge accounting must take into account the entity's risk management practices.

The adoption of this standard had no impact on the Company's consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which constitutes a single standard for the recognition of revenue from all contracts with customers, except for insurance contracts, lease contracts, financial instruments and certain non-monetary exchanges. This new standard sets out a single, five-step model for recognizing revenues. The adoption of this standard had no impact on the Company's consolidated financial statements.

3.2 Future changes in accounting policies

The standard issued by the IASB that was not applicable as at the date of issue of the Company's consolidated financial statements is described below.

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*. This standard provides a single model under which most leases will be recognized in the statement of financial position.

Certain exemptions will apply for short-term leases and leases of low-value assets. IFRS 16 will be effective for fiscal years beginning on or after January 1, 2019. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	As at March 31, 2018 $ [000s]	As at December 31, 2017 $ [000s]
Cash	**19,555**	21,868
Less: Restricted cash equivalents[1]	**630**	630
	18,925	21,238
Less: Cash and cash equivalents held for exploration purposes		
Flow-through shares[2]	**881**	940
Bourque project[3]	**743**	679
	1,624	20,249
Cash and cash equivalents	**17,301**	19,619

[1] As at March 31, 2018, a portion of cash and cash equivalents was pledged as security for the performance bonds issued for a total amount of $630,000 *[note 12]*.

[2] Cash and cash equivalents held for exploration purposes related to flow-through shares represent the unexpended proceeds of financing related to flow-through shares. According to restrictions imposed under financing arrangements, the Company must spend these funds on the exploration of oil and gas properties.

[3] Cash and cash equivalents earmarked for future exploration work on the Bourque project represent the remaining cash as at March 31, 2018 from partner advances which, under the agreements, must be spent on exploration work related to the Bourque project.

As at March 31, 2018, the portion of cash and cash equivalents pledged as security for the performance bonds bear interest at 0.95% maturing on February 1, 2019. This instrument is redeemable at any time without penalty.

5. ACCOUNTS RECEIVABLE

	As at March 31, 2018 $	**As at December 31, 2017 $**
	[000s]	[000s]
Hydrocarbons Anticosti LP[1]	**897**	844
Partner	**9**	9
Commodity taxes	**276**	207
Interest receivable	**7**	7
Other	**28**	25
	1,217	1,092

[1]Petrolia Anticosti is the operator for Hydrocarbons Anticosti in regards to the exploration work on Anticosti Island, Quebec. The receivable amount comprises chargebacks of work performed and an amount of $761,000 to assume the liability related to site restoration *[Note 12]*. Hydrocarbons Anticosti is owned by Ressources Quebec, a state company of the Government of Quebec.

6. INTERESTS IN ASSOCIATES

On March 4, 2013, the Company entered into a partnership to establish Pieridae Production LP [the "Partnership"] and Pieridae Production GP. Pieridae Production LP was formed to develop gas resources in New Brunswick, Nova Scotia and the Northeast US. The Company as at January 1, 2014 had a 16.98% ownership, and made no further contributions to the Partnership during 2014. During 2015, the Company invested an additional $750,000 increasing its ownership to 20%. Under the terms of the Partnership agreement, the Company is entitled to contribute an additional $14,125,000 to the partnership, prior to any further funding being made by the other partner, and increasing its ownership in Pieridae Production LP to 50%.

The Company's interest in Pieridae Production LP and Pieridae Production GP are accounted for using the equity method in the consolidated financial statements.

(in thousands Canadian dollars)

Balance as at December 31, 2016	**3,854**
Share in net loss of associates	(120)
Value of the interest as at December 31, 2017	**3,734**
Share in net loss of associates	(3)
Value of the interest as at March 31, 2018	**3,731**

The associates have no contingent liabilities or capital commitments as at March 31, 2018; however, under the terms of the operating agreement in place for the Partnership, there is an agreed annual fee of $60,000 to be paid by Pieridae Production LP to the operator.

Summarized financial statement information of the Partnership is disclosed below:

	As at March 31, 2018 $	**As at December 31, 2017 $**
	[000s]	[000s]
Current assets	**134**	134
Non-current assets	**20,145**	20,145
Current liabilities	**(1,962)**	(1,947)

	For the three months ended March 31, 2018 $	2017 $
Net loss for the period	**(15)**	(150)

7. PROPERTY, PLANT AND EQUIPMENT

	Land $ [000s]	Land improvements $ [000s]	Leasehold improvements $ [000s]	IT, office and field equipment $ [000s]	Automotive equipment $ [000s]	Reserves $ [000s]	Field offices $ [000s]	Total $ [000s]
Cost								
Balance as at December 31, 2017	**3,425**	—	**179**	**94**	**11**	**87**	**54**	**3,850**
Additions	—	**370**	—	—	—	—	—	**370**
Disposals	—	—	—	—	—	—	—	—
Balance as at March 31, 2018	**3,425**	**370**	**179**	**94**	**11**	**87**	**54**	**4,220**
Accumulated depreciation								
Balance as at December 31, 2017	—	—	**4**	**38**	**1**	**3**	**2**	**48**
Depreciation	—	—	**5**	**3**	**1**	**4**	**3**	**16**
Balance as at March 31, 2018	—	—	**9**	**41**	**2**	**7**	**5**	**64**
Net carrying amount as at December 31, 2017	3,425	—	175	56	10	84	52	3,802
Net carrying amount as at March 31, 2018	**3,425**	**370**	**170**	**53**	**9**	**80**	**49**	**4,156**

8. EXPLORATION AND EVALUATION ASSETS

Oil and gas properties

	As at December 31, 2017 $ [000s]	Disposals $ [000s]	Additions $ [000s]	As at March 31, 2018 $ [000s]
Québec				
Gastonguay	**779**	—	—	**779**
Gaspésia – Edgar – Marcel-Tremblay	**516**	—	—	**516**
Gaspé[1]	**566**	—	—	**566**
Bourque project[1]	**151**	—	—	**151**
Haldimand – Tar Point No. 1 projects[1]	**2,638**	—	**29**	**2,667**
Matapédia	**216**	—	—	**216**
Total oil and gas properties	**4,866**	—	**29**	**4,895**

Exploration expenses

	As at December 31, 2017 $ [000s]	Disposals $ [000s]	Additions $ [000s]	As at March 31, 2018 $ [000s]
Québec				
Gastonguay	**53**	—	—	**53**
Gaspésia – Edgar – Marcel-Tremblay	**3,172**	—	**6**	**3,178**
Gaspé	**2,790**	—	**8**	**2,798**
Bourque project	**13,843**	—	**84**	**13,927**
Haldimand project	**13,686**	—	**79**	**13,765**
Tar Point project No. 1	**4,031**	—	**6**	**4,037**
Matapédia	**513**	—	—	**513**
	38,088	—	**183**	**38,271**

[1]These properties are subject to royalties should they become productive. As of March 31, 2018, none of these properties are in production.

PIERIDAE ENERGY

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the periods ended March 31, 2018 and 2017

	As at December 31, 2017 $ [000s]	Disposals $ [000s]	Additions $ [000s]	As at March 31, 2018 $ [000s]
Deductions				
Exploration subsidies and partner contributions:				
Gastonguay	—	—	—	—
Gaspésia – Edgar – Marcel-Tremblay	—	—	—	—
Gaspé	—	—	—	—
Bourque project	**127**	—	**15**	**142**
Haldimand project	—	—	—	—
Tar Point No. 1 project	—	—	—	—
Matapédia	—	—	—	—
	127	—	**15**	**142**
Revenue from oil reserve evaluation:				
Gaspé	—	—	—	—
Haldimand project	—	—	—	—
Total exploration expenses	**37,961**	—	**168**	**38,129**

Summary

	As at December 31, 2017 $ [000s]	Disposals $ [000s]	Additions $ [000s]	As at March 31, 2018 $ [000s]
Oil and gas properties	**4,866**	—	**29**	**4,895**
Exploration expenses	**37,961**	—	**168**	**38,129**
Exploration and evaluation assets	**42,827**	—	**197**	**43,024**

9. TRADE AND OTHER PAYABLES

	As at March 31, 2018 $	**As at December 31, 2017 $**
	[000s]	[000s]
Trade payables and accrued liabilities	**1,539**	1,993
Salaries, fees, vacation pay and director fees	**193**	217
	1,732	2,210

10. PARTNER ADVANCES FOR PLANNED EXPLORATION WORK

The following table shows the reconciliation of partner advances for planned exploration work on the Bourque project:

	As at March 31, 2018 $	**As at December 31, 2017 $**
	[000s]	[000s]
Balance, beginning of period	**679**	—
Business combination	—	806
Partner advances	—	—
Partner contributions to exploration work carried out	**(15)**	(127)
Balance, end of period	**664**	679

11. LIABILITY RELATED TO FLOW-THROUGH SHARES

The following table shows the reconciliation of the liability related to flow-through shares:

	As at March 31, 2018 $	**As at December 31, 2017 $**
	[000s]	[000s]
Balance, beginning of period	**104**	—
Business combination	—	104
Issuance of flow-through shares	—	—
Reduction of the liability based on the work carried out in respect of which the Company has renounced the tax deductions	—	—
Balance, end of year	**104**	104

12. PROVISIONS

Provision for site restoration

Management calculates the total provision for future site restoration based on the Company's net share, on the basis of the interest held in the properties being drilled, of the estimated costs of abandoning and restoring wells and facilities, and of the estimated timing of future costs to be incurred.

As at March 31, 2018, the total future estimated amount required to settle obligations related to site restoration, indexed at 2%, stood at $2,905,000. The total future amount will be discounted using a weighted average rate of 2.5% over a horizon ranging from 1 to 19 years. The total undiscounted amount of the estimated cash flows required to settle these obligations was $3,857,000.

The following table presents the reconciliation of the provision for site restoration:

	As at March 31, 2018 $	As at December 31, 2017 $
	[000s]	[000s]
Balance, beginning of period	**2,740**	—
Accretion	**13**	—
Change in estimates	**152**	—
Business combination	—	2,740
Balance, end of period	**2,905**	2,740
Less current portion	**(761)**	(610)
	2,144	2,130

Security deposits amounting to $600,000 were paid by the Company under performance guarantees and letters of guarantee amounting to $630,000 were issued by a financial institution to the Ministère des Ressources naturelles to guarantee the completion of certain site closures. The performance guarantee must be kept in effect until the definitive closure of the wells. The partners advanced an amount of $294,000 to finance their share of the security deposits relating to the Bourque project and that amount is reported in non-current liabilities as it is will be recovered by the partners once the security deposits are released by the Ministère des Ressources Naturelles.

The current portion of $761,000 comprises the provision for two wells located on Anticosti Island and for which the Government of Quebec, through Hydrocarbons Anticosti LP, will assume the liability. An account receivable for the same amount is recognized in accounts receivable *[note 5]*.

Provision for contingent liability

The following table presents the reconciliation of the provision for contingent liability:

	As at March 31, 2018 $ [000s]	**As at December 31, 2017** $ [000s]
Balance, beginning of period	**583**	—
Business combination	—	700
Change in provision	**(55)**	(117)
Balance, end of period	**528**	583

The Company was financed in part by the issuance of flow-through shares. The Company had to incur eligible expenses by December 31, 2017 regarding a financing which closed on October 27, 2016. The Company has not received the necessary permits from the Government of Quebec for completing sufficient Canadian exploration and evaluation expenses to fully meet its undertaking to the subscribers of the flow-through shares. Accordingly, the Company has recorded a provision relating to potential penalties relating thereto. During the quarter, the Company paid $55,000 of those penalties. In March 2018, the Government of Quebec granted an additional delay which allows the Company until December 31, 2018 to incur the expenses without provincial penalties. However, the Company hasn't received any permit and therefore maintained this provision. If the Company receives the necessary permit from the government to execute the planned exploration work, it expects to meet its obligation regarding expenses to be incurred before December 31, 2018.

13. CONVERTIBLE LOAN AND CONVERSION RIGHT

On November 27, 2015, the Company agreed to a US$5,000,000 loan with one of its shareholders [the "Loan Agreement"]. The Loan Agreement bore interest at a rate of 10% per annum. On October 20, 2017, the Company converted the loan in 449,120 common shares of the Company at a conversion price of $12.50 per share.

PIERIDAE ENERGY

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the periods ended March 31, 2018 and 2017

[a] Conversion right

	For the three months ended March 31, 2018 $ [000s]	2017 $ [000s]
Balance, beginning of period	—	2,429
Gain (loss) on change in value of conversion right	—	(718)
Foreign exchange gain	—	81
Balance, end of period	—	1,792

Upon completion of the Loan Agreement, the initial value of the conversion right was calculated utilizing a valuation method that incorporated both the Black-Scholes valuations of the conversion rights held both by the Company and holder of the Loan Agreement and the associated estimated probabilities of each conversion right being exercised. Subsequent changes in the fair value of the equity conversion component were recorded within the consolidated statement of comprehensive loss.

[b] Convertible loan

	For the three months ended March 31 2018 $ [000s]	2017 $ [000s]
Balance, beginning of period	—	6,297
Accretion	—	142
Foreign exchange gain	—	(19)
Balance, end of period	—	6,420

14. DEFERRED ACCOUNTS PAYABLE

On July 29, 2017, the Company entered into an agreement with its vendor CB&I UK Limited ("CB&I") whereby the Company agreed to pay GBP 1,837,200 of total amounts due to CB&I of GBP 6,352,304. In exchange for the agreed payment, CB&I has agreed that the remaining amount of GBP 4,515,104 (CAD 8,176,000) and an amount of $177,000 due to CB&I Canada will be paid only if a proceed decision on the LNG project results in the award of an engineering contract to CB&I or another party. If the project does not proceed, or at any time Pieridae cancels or abandons the project, the Company has no obligation to pay the remaining amount. The variation of the deferred accounts payable relates to foreign exchange gain or loss.

15. SHARE CAPITAL

Authorized

Unlimited number of common, participating, voting shares without par value.

Exercise of stock options

During the three-month period ended March 31, 2018, 36,405 stock options were exercised for proceeds of $115,000.

Share-based payments

Pursuant to the Stock Option Plan, the Board of Directors may grant options to directors, officers, employees and other service providers. The aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued and outstanding common shares of the Company on a non-diluted basis as at the time of granting. Stock options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company. As per the new Stock Option Plan adopted on October 24, 2017, with the reverse takeover, options granted to directors vest immediately and for other participants, over a period of three year (previously at the discretion of the Board of Directors).

All share-based compensation will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The Company's stock options are detailed as follows for the reporting periods presented:

	As at March 31, 2018		As at December 31, 2017	
	Number of options	**Weighted average exercise price** $	**Number of options**	**Weighted average exercise price** $
Outstanding, beginning of period	**1,835,385**	**4.92**	3,584,344	3.27
Business combination	**—**	**—**	641,020	6.31
Granted	**1,007,400**	**5.67**	—	—
Exercised	**(36,405)**	**3.15**	(1,348,854)	0.47
Forfeited	**(4,948)**	**4.08**	(1,041,125)	10.96
Outstanding, end of period	**2,801,432**	**4.96**	1,835,385	4.92
Exercisable	**1,900,881**	**4.96**	1,497,756	4.75

The fair value of stock options granted by the Company to directors, officers and key employees in 2018 was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

	2018
Exercise price	$5.67
Risk-free interest rate	1.99%
Average expected volatility	67%
Expected life (years)	3.75
Expected dividend yield	Nil

The weighted fair value of stock options granted during 2018, was $2.73 per option at the grant date.

The following table provides summary information on the stock options issued and outstanding as at March 31, 2018:

	Outstanding options		Exercisable options	
Range of exercise prices	**Number**	**Weighted average years to expiry**	**Number**	**Weighted average exercise price $**
$0.01	44,115	3.19	44,115	$0.01
$1.98–$4.08	1,141,274	3.19	806,641	$3.82
$5.67–$8.04	1,582,710	4.18	1,016,792	$5.83
$11.76	33,333	0.46	33,333	$12.06
$0.01–$11.76	**2,801,432**	**3.72**	**1,900,881**	**$4.96**

The following table provides summary information on the stock options issued and outstanding as at December 31, 2017

	Outstanding options		Exercisable options	
Range of exercise prices	**Number**	**Weighted average years to expiry**	**Number**	**Weighted average exercise price $**
<$0.01–$0.45	44,115	3.44	44,115	0.01
$1.98–$4.08	1,176,377	3.44	838,748	3.82
$5.67–$8.04	575,310	3.29	575,310	5.95
$10.68–$13.68	39,583	0.62	39,583	12.06
<$0.01–$13.68	**1,835,385**	**3.33**	**1,497,756**	**4.75**

16. LOSS PER SHARE

Basic loss per share is calculated by dividing loss for the period by the weighted average number of common shares outstanding during the period. In calculating diluted loss per share for the periods ended March 31, 2018 and 2017, potential common shares, such as certain options and warrants, were not included as they would have the effect of decreasing the loss per share, which would be antidilutive.

Both basic and diluted loss per share have been calculated using net loss for the period as the numerator, therefore no adjustment to loss was necessary. The weighted average number of common shares outstanding is increased by the weighted average number of additional common shares that would have been outstanding had all the potentially dilutive shares been converted.

Weighted average number of shares and loss per share are calculated on a post-consolidation basis.

	For the three months ended March 31,	
	2018	**2017**[1]
Net loss attributable to equity holders (in thousands Canadian dollars)	**$(2,942)**	$(2,058)
Weighted average number of shares – basic	**50,502,501**	34,407,886
Dilutive effect of warrants and options	**—**	—
Weighted average number of diluted shares	**50,502,501**	34,407,886
Net loss per share attributable to the shareholders – basic and diluted	**$(0.06)**	$(0.06)

[1] Weighted average number of shares and loss per share, for the period ended March 31, 2017, on a pre-consolidation basis, were 15,599,158 and $(0.132) respectively.

17. RELATED PARTY TRANSACTIONS

The Company's related parties include other related parties and key management personnel, as described below.

None of the transactions involve special terms or conditions and no guarantees were given or received. Outstanding balances are usually settled in cash or shares.

Transactions with key management personnel

Key management personnel compensation includes the following expenses: As at

	For the three months ended March 31,	
	2018	**2017**
	$	$
Short-term employee benefits:		
Salaries and employee benefits	**319**	201
Director fees	**51**	—
Total short-term employee benefits	**370**	201
Fees	**41**	—
Share-based compensation	**1,244**	—
Total compensation	**1,655**	201

During the periods ended March 31, 2018 and 2017, no options granted under the stock option plan were exercised by key management personnel of the Company.

Related companies and other parties

Transactions were carried out:

With a company in which a director is a majority shareholder:

	For the three months ended March 31, 2018	2017
	$	$
Comprehensive loss:		
Administrative expenses	**4**	—

18. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured at fair value or amortized cost. The classification of financial instruments, as well as their carrying amounts and fair values, are presented in the table below:

	As at March 31, 2018
	Amortized cost $ [000s]
Financial asset	
Cash and cash equivalents[1]	**18,925**
Restricted cash equivalents	**630**
Receivables[2]	**1,004**
	20,559
Financial liability	
Trade and other payables	**1,732**
Partners' share in security deposits	**294**
Bank borrowings	**12**
Deferred account payables	**8,353**
	10,391

	As at December 31, 2017
	Amortized cost $
	[000s]
Financial asset	
Cash and cash equivalents[1]	**21,238**
Restricted cash equivalents	**630**
Account receivables[2]	**885**
	22,753
Financial liability	
Trade and other payables	**2,210**
Partners' share in security deposits	**294**
Bank borrowings	**14**
Promissory notes	**25**
Deferred account payables	**7,836**
	10,379

[1]Fair value of cash and cash equivalents is equal to the carrying amount.

[2]Excluding tax credits and commodity taxes as these amounts do not represent a contractual right to receive an amount.

19. CONTINGENCIES

Financing

The Company is financed in part by the issuance of flow-through shares. However, although it has taken all the necessary measures in this regard, there is no guarantee that the funds spent by the Company regarding these shares will be deemed eligible by tax authorities in the event of an audit. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors. As at March 31, 2018, the balance of eligible expenses to be incurred amounted to $881,000 [December 31, 2017 – $940,000]. The eligible expenses are to be incurred no later than December 31, 2018.

Environment

The Company's operations are regulated by governmental laws relating to environmental protection. Environmental consequences are difficult to predict, whether in terms of their outcomes, timing or impact. Currently, to the best of management's knowledge, the Company is operating in compliance with current legislation.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Reconciliation of the increase in exploration and evaluation costs, net of recovered amounts:

	For the three months ended March 31, 2018 $ [000]	2017 $ [000]
Additions to exploration costs, net of recovered amounts	**168**	—
Non-cash acquisition		
Depreciation of property, plant and equipment	**(11)**	—
Amortization of deferred lease inducements	**2**	—
Stock-based compensation	**(109)**	—
Change in non-cash working capital items	**139**	—
Increase in exploration and evaluation costs, net of recovered amounts	**189**	—
Other information:		
Interest paid	**568**	88
Interest received	**45**	—

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the periods ended March 31, 2018 and 2017

Cash and cash equivalents comprise:

	For the three months ended March 31,	
	2018	**2017**
	$	$
	[000]	[000]
Cash	**19,555**	221
Guaranteed investment certificates, redeemable on demand	—	31
Less: Restricted cash equivalents	**(630)**	—
	18,925	190