

# INTERNATIONAL WESTERN PETROLEUM, INC.

## FORM 10-Q (Quarterly Report)

Filed 01/17/17 for the Period Ending 11/30/16

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number : 333-196492

**INTERNATIONAL WESTERN PETROLEUM, INC.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

46-5034746

(IRS Employer Identification No.)

5525 N. MacArthur Boulevard, Suite 280, Irving, Texas 75038

(Address of principal executive offices)

(855) 809-6900

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of January 16, 2017, the registrant had 48,396,013 shares of common stock issued and outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

INTERNATIONAL WESTERN PETROLEUM, INC.  
BALANCE SHEETS  
(Unaudited)

	November 30, 2016	February 29, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 500,947	\$ 542,228
Account Receivable – Oil and gas	18,483	
- Others	30,000	
<b>Total Current Assets</b>	<b>549,430</b>	<b>542,228</b>
<b>Other Current Assets</b>		
Deposit to Buy Assets	60,000	
<b>Total Other Current Assets</b>	<b>60,000</b>	
<b>Oil and Gas Property Full Cost Method</b>		
Properties subject to amortization	955,316	1,005,392
Accumulated depletion	(53,338)	(34,279)
<b>Total Oil and Gas Property Net</b>	<b>901,978</b>	<b>971,113</b>
Pre-acquisition costs		
Fixed Assets	18,781	22,486
<b>TOTAL ASSETS</b>	<b>1,530,189</b>	<b>\$ 1,535,827</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	5,000	\$ 13,138
Advances from related party	400,069	538,688
<b>Total current liabilities</b>	<b>\$ 405,069</b>	<b>\$ 551,826</b>
<b>LONG-TERM LIABILITIES</b>		
Asset retirement obligation	\$ 9,809	\$ 9,133
<b>TOTAL LIABILITIES</b>	<b>\$ 414,878</b>	<b>\$ 560,959</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.001 par value per share, 10,000,000 shares authorized; 0 shares issued and outstanding at November 30, 2016 and February 29, 2016		
Common stock, \$.001 par value per share, 90,000,000 shares authorized; 48,206,012 and 44,314,964 shares issued and outstanding on November 30, 2016 and February 29, 2016, respectively.	\$ 48,206	\$ 44,315
Subscription receivable	(30,000)	
Prepaid consulting fees	(94,542)	
Additional paid-in capital	2,596,214	1,367,575
Accumulated deficit	(1,434,567)	(437,022)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 1,085,311</b>	<b>\$ 974,868</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,530,189</b>	<b>\$ 1,535,827</b>

See accompanying notes to financial statements.

**INTERNATIONAL WESTERN PETROLEUM, INC.  
STATEMENT OF OPERATIONS**

**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2016 AND NOVEMBER 30, 2015 AND NINE MONTHS ENDED NOVEMBER 30, 2016 AND  
NOVEMBER 30, 2015  
(Unaudited)**

	Three Months Ended		Nine Months Ended	
	November 30, 2016	November 30, 2015	November 30, 2016	November 30, 2015
<b>REVENUES</b>				
Oil and Gas Sale	\$ 25,427	\$ 53,110	\$ 82,227	\$ 146,174
Consulting Income	-	-	45,000	-
<b>TOTAL REVENUES</b>	<b>25,247</b>	<b>53,110</b>	<b>127,227</b>	<b>146,174</b>
<b>OPERATING EXPENSES:</b>				
Lease operating expenses	39,157	87,830	158,150	194,490
Professional fees	290,819	20,823	661,100	65,998
Other general and administrative expenses	87,473	14,734	275,712	30,866
Depletion and Accretion	5,356	4,871	20,135	10,709
<b>TOTAL OPERATING EXPENSES</b>	<b>422,805</b>	<b>128,258</b>	<b>1,115,097</b>	<b>302,063</b>
<b>OTHER INCOME (EXPENSES)</b>				
Gain on Sale of Property	-	-	20,324	-
Loss on investment	(30,000)	-	(30,000)	-
<b>NET LOSS</b>	<b>\$ (427,378)</b>	<b>\$ (75,148)</b>	<b>\$ (997,545)</b>	<b>\$ (155,889)</b>
<b>Net loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b>46,565,247</b>	<b>44,281,630</b>	<b>45,718,827</b>	<b>44,079,182</b>

See accompanying notes to financial statements.

**INTERNATIONAL WESTERN PETROLEUM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED NOVEMBER 30, 2016 AND NOVEMBER 30, 2015**  
**(Unaudited)**

	Nine Months Ended	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (997,545)	\$ (155,889)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depletion and accretion	20,135	9,917
Depreciation	3,705	792
Shares issued for services	331,755	
Loss on investment	30,000	
Gain on Sale Property	(20,324)	
Changes in operating assets and liabilities:		
Accounts receivable - oil and gas and Others	(48,483)	(26,605)
Accounts payable and accrued expenses	(8,138)	2,015
Refundable deposit	(90,000)	
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(778,896)</b>	<b>(169,770)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of Property	70,000	-
Purchased Fixed Assets	-	(24,500)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>70,000</b>	<b>(24,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments for related party advances	(138,619)	-
Proceeds from issuance of common stock	806,234	170,000
Contributed Capital		534,100
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$ 667,615</b>	<b>\$ 704,100</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>\$ (41,281)</b>	<b>\$ 558,830</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>542,228</b>	<b>41,783</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 500,947</b>	<b>\$ 600,613</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Common stock issued for acquisition of oil and gas properties	\$ -	\$ 375,000
Reclassification of pre-acquisition costs to oil and gas properties	-	88,000
Asset retirement obligation from acquisition of oil and gas properties	-	6,067

See accompanying notes to financial statements

**INTERNATIONAL WESTERN PETROLEUM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1 – Organization, Nature of Operations and Summary of Significant Accounting Policies**

International Western Petroleum, Inc. (“IWP” or the “Company”) was incorporated on February 19, 2014 as a Nevada corporation. The Company was formed to conduct operations in the oil and gas industry.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended February 29, 2016. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the unaudited interim consolidated financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year as reported in the Form 10-K have been omitted.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

The carrying amount of the Company’s accounts payable and accrued expenses and advances from officer approximates its estimated fair value due to the short-term nature of that financial instrument.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments purchased with an original maturity of six months or less to be cash equivalents. The Company had \$500,947 and \$542,228 of cash and cash equivalents at November 30, 2016 and February 29, 2016, respectively.

*Concentrations of Credit Risk*

Financial instruments which potentially subject the Company to concentrations of credit risk include cash deposits placed with financial institutions. The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). At November 30, 2016, \$250,947 of the Company’s cash balances was uninsured. The Company has not experienced any losses on such accounts.

*Accounts Receivable*

Accounts receivable typically consist of oil and gas receivables. The Company has classified these as current assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability considering the results of operations of these related entities and when necessary records allowances for expected unrecoverable amounts. To date, no allowances have been recorded.

### *Oil and Gas Properties*

The Company follows the full cost method of accounting for its investments in oil and gas properties, whereby all costs incurred in connection with the acquisition, exploration for and development of petroleum and natural gas reserves, including unproductive wells, are capitalized. Such costs include lease acquisition, geological and geophysical activities, rentals on non-producing leases, drilling, completing and equipping of oil and gas wells and administrative costs directly attributable to those activities, and asset retirement costs. General and administrative costs related to production and general overhead are expensed as incurred.

Disposition of oil and gas properties are accounted for as a reduction of capitalized costs, with no gain or loss recognized unless such adjustment would significantly alter the relationship between capital costs and proved reserves of oil, in which case the gain or loss is recognized in the statement of operations.

Future development, site restoration, dismantlement and abandonment costs, are estimated property by property, based upon current economic conditions and regulatory requirements, and are included in amortization of our oil and natural gas property costs.

Depletion of capitalized oil properties and estimated future development costs, excluding unproved properties, are based on the unit-of-production method based on proved reserves.

At the end of each quarter, the unamortized cost of oil and natural gas properties, net of related deferred income taxes, is limited to the sum of the estimated future after-tax net revenues from proved properties, after giving effect to cash flow hedge positions, discounted at 10%, and the lower of cost or fair value of unproved properties, adjusted for related income tax effects. This limitation is known as the “ceiling test,” and is based on SEC rules for the full cost oil and gas accounting method. There was no ceiling test write-down recorded during the three and nine months ended November 30, 2016 and 2015.

The Company assesses the carrying value of its unproved properties for impairment periodically. If the results of an assessment indicate that an unproved property is impaired (which was assessed in connection with the Company’s evaluation of goodwill impairment), then the carrying value of the unproved properties is added to the proved oil property costs to be amortized and subject to the ceiling test.

### *Fixed Asset*

Fixed asset is stated at cost and depreciated using the straight-line method over the five-year estimated useful life of the asset.

### *Asset Retirement Obligations*

If a reasonable estimate of the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon wells can be made, the Company will record a liability (an asset retirement obligation or “ARO”) on its balance sheet and capitalize the present value of the asset retirement cost in oil and gas properties in the period in which the retirement obligation is incurred. In general, the amount of an ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation assuming the normal operation of the asset, using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an assumed cost of funds for the Company. After recording these amounts, the ARO will be accreted to its future estimated value using the same assumed cost of funds and the capitalized costs are depreciated on a unit-of-production basis over the estimated proved developed reserves. Both the accretion and the depreciation will be included in depreciation, depletion and amortization expense on our statement of operations.

### *Revenue Recognition*

All revenue is recognized when persuasive evidence of an arrangement exists, the service or sale is complete, the price is fixed or determinable and collectability is reasonably assured. Revenue is derived from the sale of crude oil and natural gas. Revenue from crude oil and natural gas sales is recognized when the product is delivered to the purchaser and collectability is reasonably assured. The Company follows the “sales method” of accounting for oil and natural gas revenue, so it recognizes revenue on all natural gas or crude oil sold to purchasers, regardless of whether the sales are proportionate to its ownership in the property. A receivable or liability is recognized only to the extent that the Company has an imbalance on a specific property greater than its share of the expected remaining proved reserves. If collection is uncertain, revenue is recognized when cash is collected.



### *Income Taxes*

Income taxes are accounted for in accordance with the provisions of ASC Topic No. 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

### *Stock-Based Compensation*

The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense, over the vesting or service period, as applicable, of the stock award.

### *Basic and Diluted Net Income (Loss) per Common Share*

Basic net loss per common share amounts are computed by dividing the net loss available to International Western Petroleum Inc., shareholders by the weighted average number of common shares outstanding over the reporting period. In periods in which the Company reports a net loss, dilutive securities are excluded from the calculation of diluted earnings per share as the effect would be anti-dilutive. For the three and nine months ended November 30, 2016 and 2015, there were no potentially dilutive securities outstanding.

### *Reclassifications*

Certain reclassifications have been made to amounts in prior periods to conform to the current period presentation. All reclassifications have been applied consistently to the periods presented.

### *Subsequent Events*

The Company evaluated all transactions from November 30, 2016 through the financial statement issuance date for subsequent event disclosure consideration.

### *Recent Accounting Pronouncements*

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on its results of operations, financial position or cash flows.

### **Note 2 – Going Concern**

As reflected in the accompanying financial statements, the Company has generated a net loss of \$997,545 and cash flows used from operations of \$748,896 during the nine months ended November 30, 2016. Revenue is mainly generated from oil and gas sales from the Company's oil and gas properties.

Management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company will be required to raise additional funds to fully execute its business plan, however, the Company believes it has sufficient cash on hand and limited near term obligations to sustain its current operations for the next twelve months.

### Note 3 – Oil and Gas Properties

The following table summarizes the Company's oil and gas activities by classification for the nine months ended November 30, 2016:

	<u>February 29, 2016</u>	<u>Additions</u>	<u>Sale</u>	<u>November 30, 2016 (Unaudited)</u>
Oil and gas properties, subject to amortization	\$ 996,954	\$	\$ (50,076)	\$ 946,878
Asset retirement costs	8,438		-	8,438
Accumulated depletion	(34,279)	(19,459)	400	(53,338)
Total oil and gas assets	<u>\$ 971,113</u>	<u>\$ (19,459)</u>	<u>\$ (49,676)</u>	<u>\$ 901,978</u>

The depletion recorded for production on proved properties for the nine months ended November 30, 2016 and 2015, amounted to \$19,459 and \$9,438, respectively. The Company recorded no impairment of its oil and gas properties during the three and nine months ended November 30, 2016 and 2015.

### Note 4 – Fixed Asset

The Company's fixed asset consists of a used vehicle and has a remaining estimated useful life of five years. Fixed asset consists of the following:

	<u>November 30, 2016</u>	<u>February 29, 2016</u>
Vehicle	\$ 24,500	\$ 24,500
	(5,719)	(2,014)
Total	<u>\$ 18,781</u>	<u>\$ 22,486</u>

The Company recorded depreciation expense of \$5,719 and \$792 during the nine months ended November 30, 2016 and 2015, respectively.

### Note 5 – Asset Retirement Obligations

The following table summarizes the change in the Company's asset retirement obligations during the nine months ended November 30, 2016:

	<u>Amount</u>
Asset retirement obligations as of February 29, 2016	\$ 9,133
Additions	-
Current year revision of previous estimates	-
Accretion during the nine months ended November 30, 2016	676
Asset retirement obligations as of November 30, 2016 (Unaudited)	<u>\$ 9,809</u>

During the nine months ended November 30, 2016 and 2015, the Company recognized accretion expense of \$676 and \$479, respectively.

### Note 6 – Related Party Transactions

During the nine months ended November 30, 2016, the Company reduced related party payables in the amount of \$138,619. This amount included \$45,000 consulting fee for service from the Marshall Walden Joint Venture that the Company acquired during this quarter. Since September 2016, the Company has started realizing its 10% working interest from the net revenue of the Marshall Walden Joint Venture.

### Note 7 – Equity

During the nine months ending November 30, 2016, the Company sold 3,323,949 shares of common stock of the Company for net cash proceeds of \$806,234 as summarized below:

In March 2016, the Company sold 53,333 shares of common stock for cash proceeds of \$40,000.

In April 2016, the Company sold 56,333 shares of common stock for cash proceeds of \$42,250.

In May 2016, the Company sold 53,333 shares of common stock for cash proceeds of \$40,000.

In June 2016, the Company sold 35,999 shares of common stock for cash proceeds of \$27,000.

In July 2016, the Company sold 20,000 shares of common stock for cash proceeds of \$15,000.

In August 2016, the Company sold 47,000 shares of common stock for cash proceeds of \$35,250.

In November 2016, the Company sold 3,067,282 shares of common stock for cash proceeds of \$613,700.

In June 2016, the Company issued 255,000 shares of common stock in exchange for consulting services of \$191,250 related to corporate development, corporate

governance, media and public relations.

In November 2016, the Company issued 33,500 shares of common stock to a consultant in exchange for services rendered.

**Note 8 – Subsequent Events**

In December 2016, the Company sold 140,000 shares of the common stock of the Company for \$140,000.

In January 2017, the Company issued 50,000 shares of the common stock of the Company for corporate governance consulting service.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

### **Cautionary Notice Regarding Forward Looking Statements**

The information contained in Item 2 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although the Company’s management team, Mr. Ramsey and Dr. Tran (collectively, “Management”), believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

This filing contains a number of forward-looking statements which reflect Management’s current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, events, or developments which Management expects or anticipates will or may occur in the future, including statements related to distributor channels, volume growth, revenues, profitability, new products, adequacy of funds from operations, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on Management’s current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the risks to be discussed in our Annual Report on Form 10-K and in the press releases and other communications to shareholders issued by us from time to time which attempt to advise interested parties of the risks and factors which may affect our business. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

### **Overview**

International Western Petroleum, Inc. (“IWP,” “we,” “our,” “us” or the “Company”) was incorporated on February 19, 2014 as a Nevada corporation and is based in Irving, Texas. The Company was formed to conduct operations in the oil and gas industry. We are an oil and natural gas company that focuses on the acquisition, development, and exploration of crude oil and natural gas properties in Texas. On May 4, 2015, the Company acquired significant working interests from the Bend Arch Lion 1A Joint Venture and the Bend Arch Lion 1B Joint Venture encompassing a total production of seven (7) producing oil and gas wells on a total 380 acres out of 777 acres of the Bend Arch Lion project showing proven recoverable reserves of approximately 429.48 Mbbbl and 353.78 MMcf. To date, the Company, together with its affiliated operator, International Western Oil Corporation (“IWO”), have completed drilling an additional three (3) oil and gas wells, thus totaling ten (10) gross wells in production. It is noted that the Bend Arch Lion 1A and 1B Joint Ventures are parts of the total 777-acre leaseholds that have not been fully explored. Currently, IWO holds approximately 2,400 acres in leaseholds in the Central West Texas region. The Company plans to acquire additional leaseholds from IWO in the future.

The Company is continually seeking strategic investors to help it develop additional exploration projects located within the Bend Arch-Fort Worth Basin as well as other prime acquisition targets in the Central West, South and East Texas. As such, the Company is working on obtaining enough funding to provide a budget for new acquisitions in the remaining calendar year of 2017 as well as new exploration projects in 2017 to meet its financial objectives during the fiscal year ending February 28, 2017.

## Strategy and Implementation Summary

### *Sales Strategy*

Abilene, Texas is the closest city with oil handling and sales firms. Our sales strategy in relation to spot pricing will be to produce less when the sales price is lower and produce more when the sales price is higher. To maintain the lowest production cost, we will aim to have our inventory in tanks be virtually zero. Members of the Ramsey family that are related to our CEO have business relationships with BML Crude Oil Marketing, Inc. (BML) and West Texas Gas (WTG Jameson). The Company has started producing oil and natural gas, while leveraging Tier 1 business relationships and having entered into material agreements with BML so that, as our Tier 1 buyers, BML can handle pick-up and sales of our crude oil stock to refineries and WTG Jameson can collect natural gas from our gas lines connecting to WTG pipelines.

As such, crude oil will be picked up from the leases and natural gas can be collected as needed during the calendar month. At the end of the month, the hydrocarbon total sales will be tallied by lease and the 30-day average of the daily closing of oil and gas will be tabulated. On or about the 25th of the following month the proceed checks from oil and gas sales will be issued to the financial parties of record.

### *Plan of Operations*

During fiscal year 2017, the Company is actively looking for large-reserve oil and gas concessions and existing production to acquire and continue to raise enough capital via equity and/or debt financing options to meet its operational goal in fiscal year 2017.

Based on Management's general management and petroleum exploration experience as well as its geology expertise, the Company believes in its ability to identify high potential acreages and high production fields.

Since the fourth quarter of fiscal year 2016, the Company has reviewed several good acquisition candidates in the West, Permian Basin and South Texas. After identifying any new prospect, additional research and evaluation was carried out using personal contacts, geologists, seismographs, satellite hydrocarbon imaging, production data and every available resource to glean information and data in order to make an acquisition decision. Our operational plan after each acquisition is to increase production of the acquired oil and gas properties using state-of-the-art production technologies within a designated budget pre-approved by the Company's senior management team.

The Company has plans to design a cost effective operating budget for each exploration project associated with an acquisition project and each budget will vary depending on the total depth of drilling and whether it is a new drilling or a re-entry. For each project, the Company plans on hiring selected operators to work under the close supervision of a core team of Company geologists, engineers and scientists.

The Company also has an immediate operational plan to apply selective leading edge Enhanced Oil Recovery ("EOR") technologies from technology vendors to improve existing production after each future acquisition.

On May 4, 2015, the Company acquired a 39.5% working interest from International Western Oil Corporation ("IWO") in the Bend Arch Lion 1A Joint Venture (the Pittard Bend Arch White property encompassing 160 acres – State ID# 21488) (the "1A Venture") and a 50% working interest in the Bend Arch Lion 1B Joint Venture (the Pittard Bend Arch Red property encompassing 220 acres - State ID# 13121) (the "1B Venture"). By acquiring these working interests, the Company will directly receive the share of working interest revenue (after accounting for applicable taxes, expenses, and landowner royalties) IWO was receiving prior to the acquisitions. It is noted that in March 2016, the Company sold 4% of its working interest of the Bend Arch Lion 1B to a buyer, thus reducing the ownership of the working interest down to 46% in the Bend Arch Lion 1B.

The Company has spent over 6 past months to examine a proven state-of-the-art Organic Oil Recovery (OOR) technology proposed by an Advanced Enhanced Oil Recovery (EOR) technology company which has proposed a partnership with the Company in order to identify suitable mature oil fields and apply this OOR technology aiming to significantly increase the current production from mature oil and gas fields. The Company believes that this technology is one of the most important oil recovery breakthroughs in decades. This technology, based on natural ecology of the oil reservoir, has shown high-performance records on 4 continents, onshore and offshore, with over 300 applications in over 40 oil fields, resulting with an average increase of 92% in oil production. The technology is believed to be pure organic and biodegradable with fast result and cost effectiveness, bringing major economic benefits to many oil and gas producers in low oil price environment today.

As 65% of oil in the world are being trapped underground today leading to a major opportunity for the Company to gain significant growth in revenues, the Company is doing in-depth studying on this technology to see if it is applicable to the Company's newly acquired leases in Kilgore city, East Texas and also aims to obtain an exclusivity from this technology partner in certain region of Texas while pursuing certain revenue-sharing model with this technology partner.

### *Production Improvement Program*

The Bend Arch Lion 1A JV is a 160-acre leasehold having 4 producing wells which have been drilled by our Texas-based operating partner International Western Oil. The Company plans to apply a suitable EOR technology after further review in order to increase its production. Based on our recent studies, there are the necessary inclusionary and sedimentary formations for hydrocarbon generation and deposits and geology studies have concluded that there are significant hydrocarbon reserves present on this property. With additional geology studies, we have also identified additional drilling locations on this concession.

The Bend Arch Lion 1B JV is a 220-acre leasehold having 6 new producing wells which have been drilled by our Texas-based operating partner International Western Oil. The Company plans to apply a suitable EOR technology on the Ellenburger formation to significantly increase its production in the second quarter of fiscal year 2017. Based on our recent studies, there are the necessary inclusionary and sedimentary formations for hydrocarbon generation and deposits and geology studies have concluded that there are significant hydrocarbon reserves present on this property. With additional geology studies, we have also identified additional drilling locations on this concession.

### *Acquisition Candidates*

The Company has recently identified a few acquisition opportunities in the following regions:

West Texas: 7,000-acre leaseholds having 101 wellbores approximately 4,900 ft. deep producing 84 bopd and 1100Mcf/Day.

Permian Basin: 10,300 acre leaseholds of Dean and Lower Sprayberry formation currently producing 76 bopd and 31 mcfpd with targeted 400 bopd– 1,200 bopd, surrounded by 34 offset horizontal wells operated by Encana, Energen and XTO.

Permian Basin: 200,000 acre leaseholds with over 6,000 boepd currently in production.

South Texas: 2,100-acre leaseholds having 775 MBbls of proven reserves including 34 wellbores producing 72 bopd with new drilling opportunities.

### *Acquisition Events*

On August 12, 2016, the Company gave an exit notice to unwind the transaction according to the Definitive Purchase and Sales Agreement which the Company had signed on June 30, 2016 to purchase all assets from the privately held Houston-based E&P company in the Texas Gulf Coast region. The Company's management has made this withdrawal decision due to certain concerns resulting from the legal and financial due diligence of this acquisition target.

On July 29, 2016, the Company, acting as a managing venturer of the Marshall Walden Joint Venture, executed an "Assignment, Conveyance and Bill of Sale" with Cerberus Production, LLC of the two (2) oil producing properties in Kilgore city of East Texas the Fannie Marshall Lease (RRC Lease No. 07413) and the Ida Walden Lease (RRC Lease No. 07419). The Company owns ten percent (10%) of the working interest of the Marshall Walden Joint Venture which was formed by the Company and its acquisition partner Odyssey Enterprises, LLC. This Marshall Walden Joint Venture was formed for the purpose of acquiring the two (2) above-mentioned leases.

On November 9, 2016, the Company acquired 3D Seismic 350-acre leasehold in King County, Texas. This acquisition primarily includes 350-acre leasehold in King County, Texas with additional options to lease up to 800 acres of adjoining acreage with complete 3D seismic data. The 350-acre leasehold comes with an existing tank facility for the production of oil, natural gas, and water. There is also a full injection wellbore set in place that is fully equipped. There have been five (5) wellbores drilled on this lease dating back to the 1970s, and these previous wellbores ranged from 4800ft – 6200ft in total depth, with three (3) different prolific hydrocarbon formations.

## **Results of Operations**

### ***Comparison of the Three Months Ended November 30, 2016 with the Three Months Ended November 30, 2015***

#### *Revenues*

The Company generated revenues of \$25,427 from oil and gas sales from the Company's oil and gas properties for the three months ended November 30, 2016, as compared to \$53,110 for the three months ended November 30, 2015.

### *Operating Expenses*

Operating expenses for the three months ended November 30, 2016 and 2015 were \$422,805 and \$128,258 respectively. The costs incurred during the three months ended November 30, 2016 consisted of additional consulting fees related to investor and public relations services, corporate development and advisory expenses, lease operating expenses, depletion and accretion, professional fees and administrative expenses associated with the normal course of business. The increase in operating expenses was primarily related to the expenses associated with the enhancement programs in the oil and gas properties acquired by the Company, legal and capital market entry fees as well as public relations and other business development works related to acquisition efforts.

There is a reclassification entry to correct the expenses error in the last quarterly report.

### *Net Loss*

Our net loss was \$427,378 for the three months ended November 30, 2016 as compared to a net loss of \$75,148 for the three months ended November 30, 2015. The increase in net loss was due to increased operating expenses and payments to additional corporate development consulting services.

### ***Comparison of the Nine Months Ended November 30, 2016 with the Nine Months Ended November 30, 2015***

#### *Revenues*

The Company generated revenues of \$127,227 from oil and gas sales from the Company's oil and gas properties and consulting services related to the re-works of the newly acquired wells in East Texas for the nine months ended November, 2016, as compared to \$146,174 for the nine months ended November 30, 2015.

#### *Operating Expenses*

Operating expenses for the nine months ended November 30, 2016 and 2015 were \$1,115,097 and \$302,063, respectively. The costs incurred during the nine months ended November 30, 2016 consisted of additional consulting fees related to investor and public relations services, corporate development and advisory expenses, related party monthly field service expenses, lease operating expenses, depletion and accretion, professional fees and administrative expenses associated with the normal course of business. The increase in operating expenses was primarily related to the expenses associated with the enhancement programs in the oil and gas properties acquired by the Company, legal and capital markets entry fees as well as public relations and other business development works related to acquisition efforts.

#### *Gains and losses:*

The Company incurred gains of \$20,324 from a sale the Company's oil and gas properties for the nine months ended November 30, 2016, as compared to \$0 for the nine months ended November 30, 2015.

The Company incurred a write off of a deposit of \$30,000 for an acquisition target named Houston Gulf Energy due to the breach of contract from Houston Gulf Energy in not returning the deposit to the Company after the Company completed the full due diligence before the deadline and withdrew from the acquisition due to a high level of risks.

#### *Net Loss*

Our operating results have recognized a net loss in the amount of \$997,545 for the nine months ended November 30, 2016 as compared to a net loss of \$155,889 for the nine months ended November 30, 2015. This increase in net loss was due to increased operation expenses, issuance of restricted shares and other cash payments related to media relations, oil production improvement programs and corporate development consulting services.

### **Liquidity and Capital Resources**

At November 30, 2016, the Company had cash in hand of \$500,947.

Net cash used by operating activities during the nine months ended November 30, 2016 was \$748,896 as compared to cash used in operating activities of \$169,770 for the same period in 2015. The increase was related to additional costs incurred related to the maintenance and repair of the Company's newly acquired oil and gas properties and other consulting expenses related to public relations and acquisition efforts.

Net cash provided by investing activities during the nine months ended November 30, 2016 was \$70,000 resulting from the sale of a portion of our oil and gas properties to a related party, compared to \$24,500 cash used for the purchase of a fixed asset for the nine months ended November 30, 2015.

Net cash provided by financing activities during the nine months ended November 30, 2016 was \$667,615 as compared to cash provided by financing activities of \$753,100 for the nine months ended November 30, 2015. The decrease in cash provided by financing activities was primarily related to \$138,619 of payments to related party advances of contributed capital received in the last year.

#### **Off-Balance Sheet Arrangements**

As of November 30, 2016, we did not have any off-balance sheet arrangements.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We do not hold any derivative instruments and do not engage in any hedging activities.

#### **Item 4. Controls and Procedures.**

##### *(a) Disclosure of Controls and Procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Pursuant to SEC Rule 13a-15(b), the Company carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that due to the material weakness discussed below, the Company's disclosure controls and procedures were not effective, as of the end of the month ended November 30, 2016, to provide reasonable assurance that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of November 30, 2016, the Company determined that the following items constituted material weaknesses:

- The Company does not have policies and procedures in place to ensure the timely review, disclosure and accurate financial reporting for significant agreements and transactions.
- The Company does not have an independent audit committee in place, which would provide oversight of the Company's officers, operations and financial reporting function.

##### *(b) Changes in Internal Controls*

There have been no changes in our internal control over financial reporting that occurred during the quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

There are no other actions, suits, proceedings, inquiries or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries.

### Item 1A. Risk Factors.

We believe there are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended February 29, 2016, filed with the SEC on June 27, 2016.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In November 2016, the Company sold 3,067,282 shares of common stock for cash proceeds of \$613,700.

In November 2016, the Company issued 33,500 shares of common stock to a consultant in exchange for services rendered.

The above shares were issued in reliance on the exemption under Section 4(2) of the Securities Act. These shares of our common stock qualified for exemption under Section 4(2) since the issuance shares by us did not involve a public offering. The offering was not a “public offering” as defined in Section 4(2) due to the insubstantial number of persons involved in the deal, manner of the issuance and number of shares issued. We did not undertake an offering in which we sold a high number of shares to a high number of investors. In addition, the investors had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such shares are restricted pursuant to Rule 144 of the Act. This restriction ensures that these shares would not be immediately redistributed into the market and therefore not be part of a “public offering.” Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act for this transaction.

### Item 3. Defaults Upon Senior Securities.

There were no defaults upon senior securities during the quarter ended November 30, 2016.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

On November 9, 2016, the Company acquired 3D Seismic 350-acre leasehold in King County, Texas. This acquisition primarily includes 350-acre leasehold in King County, Texas with additional options to lease up to 800 acres of adjoining acreage with complete 3D seismic data. The 350-acre leasehold comes with an existing tank facility for the production of oil, natural gas, and water. There is also a full injection wellbore set in place that is fully equipped. There have been five (5) wellbores drilled on this lease dating back to the 1970s, and these previous wellbores ranged from 4800ft – 6200ft in total depth, with three (3) different prolific hydrocarbon formations.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Title</b>
31.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Schema
101.CAL *	XBRL Taxonomy Calculation Linkbase
101.DEF *	XBRL Taxonomy Definition Linkbase
101.LAB *	XBRL Taxonomy Label Linkbase
101.PRE *	XBRL Taxonomy Presentation Linkbase

\* Filed herewith.

+ In accordance with SEC Release 33-8238, Exhibit 32.1 is being furnished and not filed.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**International Western Petroleum, Inc.**

Date: January 17, 2017

By: /s/ Ross Henry Ramsey

Ross Henry Ramsey

Chief Executive Officer, President, and Chief Financial Officer (Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)



**CERTIFICATION  
OF PRINCIPAL EXECUTIVE OFFICER  
AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Ross Henry Ramsey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of International Western Petroleum, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 17, 2017

*/s/ Ross Henry Ramsey*

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Ross Henry Ramsey  
Chief Executive Officer, President, and Chief Financial Officer  
(Principal Executive Officer and Principal Financial Officer)

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**CERTIFICATION OF  
PRINCIPAL EXECUTIVE OFFICER  
AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of International Western Petroleum, Inc. (the "Company") on Form 10-Q for the period ended November 31, 2016, as filed with the Securities and Exchange Commission on the date hereof, I, Ross Henry Ramsey, Chief Executive Officer and Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. Such Quarterly Report on Form 10-Q for the period ended November 30, 2016 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Quarterly Report on Form 10-Q for the period ended November 30, 2016 fairly presents, in all material respects, the financial condition and results of operations of International Western Petroleum, Inc.

Dated: January 17, 2017

*/s/ Ross Henry Ramsey*

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Ross Henry Ramsey

Chief Executive Officer, President, and Chief Financial Officer  
(Principal Executive Officer and Principal Financial Officer)

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