Condensed Interim Consolidated Financial Statements of

Simba Energy Inc.

As at September 30, 2016 and 2015

(Unaudited)

In accordance with National Instrument 51-102 Part 4, *Continuous Disclosure Obligations,* subsection 4.3(3)(a), **WE HEREBY GIVE NOTICE** that our condensed consolidated financial statements for the interim period ended September 30, 2016, which follows this notice, have not been reviewed by an auditor.

SIMBA ENERGY INC.
Condensed Interim Consolidated Statement of Financial Position
September 30, 2016 and June 30, 2016
Stated in Canadian Dollars
(Unaudited - Prepared by Management)

	September 30 2016	June 30 2016
ASSETS		
Current assets		
Cash	$ 204,932	$ 444,792
Recoverable sales tax	15,822	24,953
Accounts receivable	13,650	13,650
Prepaid expenses	34,526	38,780
	268,930	522,175
Non-current assets		
Exploration and evaluation assets (Note 3)	9,625,090	9,417,612
Equipment (Note 4)	15,115	17,944
	9,640,205	9,435,556
	$ 9,909,135	$ 9,957,731
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	$ 1,075,978	$ 2,224,148
Due to related parties (Note 6)	682,900	393,433
	1,758,878	2,617,581
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	31,979,586	31,979,586
Share subscriptions receivable	-	(1,063,654)
Reserves	3,393,013	3,393,013
Deficit	(27,222,342)	(26,968,795)
	8,150,257	7,340,150
	$ 9,909,135	$ 9,957,731

Nature and Continuance of Operations (Note 1)
Commitments (Note 9)
Event subsequent to the Period End (Note 11)

Approved by:

``Robert Dinning`` , **Director**
Robert Dinning

``John Burns`` , **Director**
John Burns

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

SIMBA ENERGY INC.
Condensed Interim Consolidated Statements of Operations
For the three month periods ended September 30, 2016 and 2015
Stated in Canadian dollars
(Unaudited - Prepared by Management)

For the Three Months Ended September 30		2016		2015
Operating expenses				
Amortization	$	2,829		3,614
Consulting fees		9,000		13,000
Interest and bank charges		337		507
Investor communication, trade shows and web site		17,904		50,978
Management fees (Note 6)		105,000		72,000
Office and miscellaneous		55,568		47,022
Professional fees		14,400		10,000
Project investigation costs		38,811		3,000
Transfer agent and regulatory fees		6,213		1,367
Travel		3,485		22,478
Loss from operations		(253,547)		(223,966)
Net loss and comprehensive loss for the period	$	(253,547)	$	(223,966)
Basic and diluted loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding - Basic and Diluted		381,989,243		296,544,268

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

SIMBA ENERGY INC.

Condensed Interim Consolidated Statements of Deficit
For the period from June 30, 2015 to September 30, 2016
Stated in Canadian dollars
(Unaudited - Prepared by Management)

	Share capital		Share subscriptions received (receivable)	Reserves	Treasury Shares	Deficit	Total Shareholder's Equity
	Number of Shares	Amount $					
Balance, June 30, 2015	**296,544,268**	**$ 27,737,991**	**$ -**	**$ 3,400,714**	**$ (18,000)**	**$ (24,740,724)**	**$ 6,379,981**
Units issued for cash at $.05	85,014,975	4,250,749	(1,063,654)	-	-	-	3,187,095
Share issue costs	-	(30,655)	-	-	-	-	(30,655)
Options exercised at $0.06	530,000	31,800	-	-	-	-	31,800
Fair value adjustment	-	7,701	-	(7,701)	-	-	-
Treasury shares returned and cancelled	(100,000)	(18,000)			18,000		-
Net loss and comprehensive loss for the year	-	-		-	-	(2,228,071)	(2,228,071)
Balance June 30, 2016	**381,989,243**	**31,979,586**	**(1,063,654)**	**3,393,013**	**-**	**(26,968,795)**	**7,340,150**
Share subsriptions received	-	-	1,063,654	-	-	-	1,063,654
Net loss and comprehensive loss for the three months ended September 30, 2016	-	-	-	-	-	(253,547)	(253,547)
Balance, September 30, 2016	**381,989,243**	**$ 31,979,586**	**$ -**	**$ 3,393,013**	**$ -**	**$ (27,222,342)**	**$ 8,150,257**

SIMBA ENERGY INC.
Interim Consolidated Statements of Cash Flows
For the three month periods ended September 30, 2016 and 2015
Stated in Canadian dollars
(Unaudited - Prepared by Management)

For the Three Months Ended September 30	2016	2015
Cash Flows used in Operating Activities		
Net loss for the year	$ (253,547)	$ (223,966)
Items not affecting cash		
Amortization	2,829	3,614
Project investigation costs paid by related party	38,750	-
Net change in non-cash working capital items		
Recoverable sales tax	9,131	(2,033)
Prepaid expenses	4,254	43,700
Accounts payable and accrued liabilities	3,427	28,734
Due to related parties	30,002	81,000
	(165,154)	(68,951)
Cash Flows from Financing Activities		
Due to related parties	-	65,276
Options exercised	-	31,800
Share subscriptions received in cash	43,814	-
	43,814	97,076
Cash Flows used in Investing Activities		
Exploration expenditures	(118,520)	(22,614)
	(118,520)	(22,614)
Increase (decrease) in cash	(239,860)	5,511
Cash, beginning of period	444,792	4,883
Cash, end of period	$ 204,932	$ 10,394

Supplemental Disclosure of Cash Flow Information Note 8

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Simba Energy Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. Its principal business activity includes the acquisition and exploration of resource properties. The Company's head office and principal address is at Suite 210, 905 West Pender Street, Vancouver, British Columbia, V6C 3L6.

The Company is in the process of exploring its resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon profitable production.

As disclosed in Note 3, the Company entered into an agreement whereby an entity has agreed to fund all exploration and evaluation expenditures on current and future Production Sharing Contracts ("PSC") or similar rights to explore. Although this effectively eliminates funding for exploration and evaluation expenditures, the Company has administrative commitments not covered by the agreement. In order for the Company to meet these liabilities as they come due and to continue its operations, the Company will need to raise funds through private placements or the exercise of stock options and/or warrants.

Although the Company has been successful in raising capital by those means in the past, there can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company has incurred losses since inception and has a working capital deficiency as at September 30, 2016. These material uncertainties may cast significant doubt upon the ability of the Company to continue as a going concern.

	September 30 2016	June 30 2016
Deficit	$ (27,222,342)	$ (26,968,795)
Working capital (deficiency)	(1,489,948)	(2,095,406)

2. COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements were approved by the board of directors on November 28, 2016.

The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted. The financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions were eliminated upon consolidation.

The Company's subsidiary companies included in this consolidation are as follows:

Stated in Canadian dollars

	Country of Incorporation	Percentage of ownership as of Sept 30 2016	Percentage of ownership as of Sept 30 2015
Simba Energy Liberia Inc.	Liberia	90%	90%
Simba Energy Fze.	United Arab Emirates	100%	100%
Simba Africa Rift Energy Ltd.	Kenya	100%	100%
Simba Energy (UK) Ltd.	U.K.	100%	100%
Simba Energy - SUCC	Guinea	100%	100%
Simba Energy Ghana Limited	Ghana	100%	-

These condensed interim financial statements do not include all the notes required for full annual financial statements.

The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year ended June 30, 2016. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2016.

A number of new standards and amendments to standards and interpretations are not yet effective for the period ended September 30, 2016 and have not been applied in preparing these financial statements. Additionally, there were a number of new standards and amendments to standards and interpretations that came into effect subsequent to the annual statements. However, none of these new accounting pronouncements had any impact on the preparation of these financial statements.

3. EXPLORATION AND EVALUATION ASSETS

	Kenya	Liberia	Total
2016			
Balance, June 30, 2016	$ 7,449,261	$1,968,351	$ 9,417,612
Consulting	57,969	-	57,969
Field office, travel and other	149,509	-	149,509
Balance, September 30, 2016	$ 7,656,739	$1,968,351	$ 9,625,090

	Kenya	Guinea	Liberia	Total
2016				
Balance, June 30, 2015	$ 5,773,680	$ 987,258	$ 1,968,351	$ 8,729,289
Consulting	1,094,575	15,890	-	1,110,465
Field office, travel and other	581,006	104,428	-	685,434
Impairment	-	(1,107,576)	-	(1,107,576)
Balance, June 30, 2016	$ 7,449,261	$ -	$ 1,968,351	$ 9,417,612

(a) Kenya

In August 2011, the Company, through its subsidiary, Simba Africa Rift Energy Ltd., was awarded a Production Sharing Contract ("PSC") by the Government of Kenya covering Block 2A, which overlies the southern tip of the Mandera Basin in the northern part of the country. There are work commitments (Note 9) required to keep the PSC in good standing.

On June 5, 2015, the Company entered into an agreement with Essel Group Middle East DMCC, ("Essel") wherein Essel agreed to provide 100% of funding required to carry out an exploration program on all of the Company PSCs including the Kenyan PSC. This 100% funding commitment covers all exploration expenditures including Full Tensor Gradiometry ("FTG") and seismic surveys and the drilling of two wells. Essel will earn 60% of the Company's Kenyan subsidiary, Simba Africa Rift Energy Ltd. while the Company with retain 40%.

A definitive agreement was executed on November 27, 2015 and is subject to approval of the TSX Venture Exchange ("TSX-V") and the Company's shareholders. The Government of Kenya has already approved the participation of Essel. In May 2016, Essel subscribed for 34,000,000 units and two of its officers became directors and officers of the Company.

(b) Guinea

In July 2011, the Company signed an agreement to acquire a 60% interest in an issued PSC for Blocks 1 & 2 onshore in the Republic of Guinea's Bove Basin. The Company undertook 100% of the program costs in year one and 60% of the program costs in each year thereafter. On May 24, 2012, the Company received final approval for its 60% owned PSC for Blocks 1 & 2.

The Company has fulfilled its work obligations to date and is in advanced negotiations with the government of Guinea regarding 100% ownership of the PSC and revising the work program going forward. As at June 30, 2016, the negotiations have not been completed and, without a firm agreement, management has impaired the property and written down the costs incurred to date.

The Company's work program was suspended in the previous year as a result of the outbreak of a contagious disease.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Should the negotiations with the government of Guinea be successfully completed and 100% of the PSC be awarded to the Company's Guinean subsidiary, Simba Energy – SUCC, Essel will earn 60% of the revenues attributable under the PSC, while the Company will retain 40%.

(c) Chad

The Company received formal ratification of its PSCs in Chad on June 25, 2013. The issuance of the PSCs included a signing bonus which the Company felt is not acceptable. Accordingly the PSC was suspended but negotiations are currently underway in Chad to resolve this issue so that the PSCs can be restored and a work program can be instituted. As a result of the suspension of the PSC, the Company previously wrote down all costs incurred as at June 30, 2015.

Should the Company successfully complete negotiations to reinstate its PSCs in Chad, the 100% funding commitment from Essel will cover all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Through an earn-in in the Company's yet to be incorporated Chad subsidiary, Essel will earn 60% of the revenues attributable under the PSC, while the Company will retain 40%.

Stated in Canadian dollars

(d) Liberia

The Company, through its subsidiary, Simba Energy Liberia Inc., acquired a Hydrocarbon Reconnaissance License ("HRL") covering an onshore area in Liberia. The HRL has since expired but a formal application for a PSC has been instigated. The negotiations were put on hold during the previous year as the country dealt with an outbreak of a serious contagious disease. The Company executed a new HRL, NR 002, and is awaiting final approval from NOCAL, the governing body. This new HRL covers its existing concession area as well as an additional 1,566 square kilometers off shore in shallow water.

The 100% funding commitment from Essel covers all exploration expenditures including FTG and seismic surveys and the drilling of two wells. Through an earn-in in the Company's Liberian subsidiary, Simba Energy Liberia Inc., Essel will earn 60% of the revenues attributable under the HRL, while the Company will retain 40%.

4. EQUIPMENT

	September 30, 2016			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Field equipment	$ 106,783	$ -	$ 106,783	$ -
Office equipment	15,562.00	12,129.00	-	3,433.00
Vehicle	45,000	42,645	-	2,355
Computer hardware	32,077	28,198	-	3,879
Computer software	3,875	3,875	-	-
Leasehold improvements	34,553	29,105	-	5,448
	$ 131,067	$ 115,952	$ -	$ 15,115

	June 30, 2016			
	Cost	Accumulated Amortization	Impairment	Net Book Value
Field equipment	$ 106,783	$ -	$ 106,783	$ -
Office equipment	15,562	11,948	-	3,614
Vehicle	45,000	42,308	-	2,692
Computer hardware	32,077	27,706	-	4,371
Computer software	3,875	3,875	-	-
Leasehold improvements	34,553	27,286	-	7,267
	$ 237,850	$ 113,123	$ 106,783	$ 17,944

Stated in Canadian dollars

5. ACCOUNTS PAYBLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	September 30 2016	June 30 2016
Accounts payable	$ 1,017,478	$ 2,184,148
Accrued liabilties	58,500	40,000
	$ 1,075,978	$ 2,224,148

6. RELATED PARTY BALANCES AND TRANSACTIONS

The amounts below represent related party transactions occurring during the three months ended September 30, 2016 and 2015

Three months ended September 30	Note		2016		2015
Management fees (to an officer and director)	(i)	$	33,000	$	-
Management fees (to an officer and director)	(ii)		30,000		30,000
Management fees (to an officer and director)	(iii)		30,000		30,000
Management fees (to an officer)	(iv)		12,000		12,000
Geological consulting (to a former director)	(v)		9,000		31,335
		$	114,000	$	103,335

(i) Management fees accrued to the current Chief Executive Officer.

(ii) Management fee accrued to the President and former Chief Executive Officer.

(iii) Management fees accrued to the Managing Director - Operations.

(iv) Management fees accrued to the Chief Financial Officer.

(v) Consulting fees accrued to a former director for geological consulting services performed on the Company's exploration and evaluation assets.

As at September 30, 2016, the amount due to officers and directors of the Company was $320,354 (2015 - $750,935. Of this amount, $138,783 (2015 - $253,521) was advanced by officers of the Company to finance the working capital of the Company. The balance represents unpaid accrued management fees. The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

As at September 30, 2016, Essel had advanced the Company $362,546. The amounts due were unsecured, non-interest bearing and have no fixed terms of repayment.

Included in the May 31, 2016 private placement, are 34,000,000 units issued to Essel and 4,000,000 issued to a director representing $1,900,000 in subscriptions. Of that amount, $200,000 was received in cash form the director, $636,346 was offset with cash payments or payments made by Essel on behalf of the Company, and the balance of $1,063,654 was disclosed as share subscriptions receivable from Essel as at June 30, 2016.

Included in the January 21, 2016 private placement are 39,814,975 units for $1,990,749 issued to officers and directors. Of that amount, 5,900,000 units representing $295,000 was settled by offsetting amounts due to related parties.

Accounts receivable of $13,650 represents receivable for the rent of premises from a company with some common management as the Company.

7. SHARE CAPITAL

(a) The authorized capital of the Company consists of an unlimited number of common shares without par value

During the three months ended September 30, 2016, the Company did not complete any share transactions. 17,000,000 warrants were initially exercised but the issuance of the common shares upon such exercise was subsequently cancelled.

During the year ended June 30, 2016, the Company completed the following share transactions:

On May 31, 2016, the Company completed a non-brokered private placement by issuing 43,000,000 units at $0.05 each for gross proceeds of $2,150,000. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of $0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 4,000,000 units, representing $200,000. Essel subscribed for 34,000,000 units, representing $1,700,000. Of that amount, $1,063,654 was outstanding and receivable as at June 30, 2016.

On January 21, 2016, the Company completed a non-brokered private placement by issuing 42,014,975 units at $0.05 each for gross proceeds of $2,100,749. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share exercisable for a period of two years at a price of $0.075 per share. No finders' fees were incurred regarding this issuance and no value was attributed to the warrants as a component of the units. Directors and officers subscribed for 39,814,975 units, representing $1,990,749. Of that amount, $295,000 was applied against debt to directors and officers and $110,000 was applied against debt from unrelated parties.

Share issue costs of $30,655 were incurred with respect to the two private placements.

On October 29, 2015, the 300,000 common shares held in treasury as well as an additional 100,000 common shares were cancelled.

On September 15, 2015, 530,000 stock options were exercised at $0.06 per share. The fair value of those options was originally determined to be $7,701 and was credited to reserves at the time of issuance. Upon exercise, this amount was taken out of reserves and added to the value received for shares issued.

(b) Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the Company's issued and outstanding shares at the date of grant of options. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options) or such other price as may be agreed to by the Company and accepted by TSX Venture Exchange. Options granted to persons acting in investor relations vest at the rate of 25% on date of grant and 25% every three months thereafter. All other options vest on grant.

Stated in Canadian dollars

The following is a summary of stock option transactions during the three months ended September 30, 2016 and the year ended June 30, 2016:

	For the 3 month period ended September 30, 2016	Weighted average exercise price	For the year ended June 30, 2016	Weighted average exercise price
Balance, beginning of period	15,970,000	$ 0.08	16,500,000	$ 0.08
Granted	-	-	-	-
Expired	-	-	-	-
Exercised	-	-	(530,000)	0.06
Balance, end of period	15,970,000	$ 0.08	15,970,000	$ 0.08

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A summary of the status of the Company's outstanding stock options as at September 30, 2016 is as follows:

Options	Number exercisable	Number outstanding	Weighted average remaining contractual life (in yrs)
As At September 30, 2016			
$0.06	11,270,000	11,270,000	3.35
$0.10	350,000	350,000	0.17
$0.12	500,000	500,000	0.62
$0.13	3,850,000	3,850,000	0.78
	15,970,000	15,970,000	2.58

(c) Share-based compensation

For stock options granted to employees, officers, directors and consultants, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black Scholes option pricing model.

No options were granted during the three months ended September 30, 2016 or the year ended June 30, 2016.

(d) Warrants

The changes in warrants during the three months ended September 30, 2016 and the year ended June 30, 2016 were as follows:

Stated in Canadian dollars

	For the 3 months ended September 30, 2016	Weighted average exercise price	For the year ended June 30, 2016	Weighted average exercise price
Balance, beginning of period	103,825,497	$ 0.10	61,318,009	$ 0.09
Issued	-	0.10	42,507,488	0.075
Cancelled	-	-	-	-
Expired	-	-	-	-
Balance, end of period	103,825,497	$ 0.09	103,825,497	$ 0.09

A summary of the status of the Company's outstanding warrants as at September 30, 2016 is as follows:

Outstanding Warrants	Exercise Price		Expiry Date
21,988,200	$ 0.10	*	June 28, 2018
31,829,809	$ 0.10	*	July 30, 2018
21,007,488	$ 0.075		January 21, 2018
21,500,000	$ 0.075		May 31, 2018
7,500,000	$ 0.05		February 11, 2017
103,825,497	$ 0.09		

* The exercise price of warrants was originally $0.10 for the first two years and $0.15 for the last two years. On May 6, 2016, the Company amended the terms of these warrants by decreasing the exercise price during the third year from $0.15 to $0.10. Accordingly, the exercise price is now $0.10 for the first three years and $0.15 for the fourth year.

8. SUPPLEMENTAL DISOCLOSURE OF CASH FLOW INFORMATION

The significant non-cash investing or financing transaction for the three months ended September 30, 2016 was follows:

During the three months ended September 30, 2016, the Company received $43,814 in cash from Essel for shares subscriptions receivable. Essel also paid $1,234,801 to reduce accounts payable, $19,877 to reduce related party payables, $88,958 towards the costs of exploration and evaluation assets and $38,750 for site investigation costs. Of the total amounts paid by Essel of $1,382,386, $1,019,840 was charged to subscriptions receivable and the balance of $362,546 is classified as owing to related parties.

The significant non-cash investing or financing transaction for the three months ended September 30, 2015 was as follows:

A total of $326,600 in exploration and evaluation costs incurred were included in accounts payable and accrued liabilities.

Stated in Canadian dollars

9. COMMITMENTS AND CONTINGENCIES

The Company has the following future commitments:

(a) Office lease

The Company has entered into an agreement to lease office space effective July 1, 2012 until June 30, 2017. The monthly net requirements under the lease are as follows:

	Minimum lease payment required	Sub lease	Net monthly obligation
For the year ended June 30, 2017	$14,060	$5,565	$8,495

(b) Work commitments

The terms of certain of the Company's PSCs require the Company to make payments and undertake exploration expenditures in order for the contracts to remain in good standing. In Kenya (Note 3), the original contract has been amended eliminating previously specific yearly expenditures and replacing them with required approved exploration surveys and programs. The Company is meeting these commitments through the expenditures made by Essel as required under the farm-in agreement.

In Chad (Note 3), there is a signature bonus payment required under the terms of the contract. The amount has not been paid as at September 30, 2016, and the Company is currently in default of the contract and the PSC has been suspended. The reinstatement of the PSC and the signature bonus are currently being negotiated with the Government of Chad.

10. SEGMENTED INFORMATION

The Company has one reportable operating segment, being oil and gas exploration and development in Africa. The Company's capital assets by geographic location are as follows:

	Equipment	Exploration & evaluation assets
September 30, 2016		
Canada	$ 8,881	$ -
United Kingdom	3,879	-
Liberia	-	1,968,351
Kenya	2,355	7,656,739
	$ 15,115	$9,625,090

Stated in Canadian dollars

	Equipment	Exploration & evaluation assets
June 30, 2016		
Canada	$ 10,881	$ -
United Kingdom	4,371	-
Liberia	-	1,968,351
Kenya	2,692	7,449,261
	$ 17,944	$9,417,612

11. EVENT SUBSEQUENT TO THE PERIOD END

The Company had previously announced that it had issued 17,000,000 common shares pursuant to the exercise of warrants. However, proceeds for the issuance were never received, so the common shares were returned for cancellation. These financial statements give retroactive effect to that cancellation.