



Unaudited Interim Condensed Consolidated Financial Statements of

HUNTER OIL CORP.

Six Months Ended June 30, 2017 and 2016

HUNTER OIL CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these unaudited interim consolidated condensed financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

August 29, 2017

HUNTER OIL CORP.

Condensed Consolidated Balance Sheets (Unaudited)
(all amounts expressed in thousands of US dollars)

	As of June 30, 2017	As of December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 212	\$ 1,050
Receivables	96	166
Subscription receivable	-	453
Pepaid expenses and other deposits	517	522
Total current assets	825	2,191
Non-current assets		
Exploration and evaluation assets	165	64
Property and equipment, net	39,430	38,947
Restricted cash	2,340	2,340
Total non-current assets	41,935	41,351
Total Assets	\$ 42,760	\$ 43,542
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 663	\$ 474
Asset retirement obligations	702	527
Total current liabilities	1,365	1,001
Asset retirement obligations	17,704	17,240
Total liabilities	19,069	18,241
Shareholders' equity		
Equity instruments	126,626	126,628
Contributed surplus	9,256	9,256
Accumulated deficit	(112,191)	(110,583)
Total shareholders' equity	23,691	25,301
Total Liabilities and Shareholders' Equity	\$ 42,760	\$ 43,542

See accompanying notes to unaudited interim condensed consolidated financial statements.

Approved by the Board of Directors:

/s/ Al H. Denson

Al H. Denson

Director

/s/ Andrew Hromyk

Andrew Hromyk

Director

HUNTER OIL CORP.

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

(all amounts expressed in thousands of US dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenues				
Oil and gas sales	\$ 347	\$ 317	\$ 804	\$ 553
Less: Royalties	(72)	(66)	(168)	(117)
Revenues, net of royalties	275	251	636	436
Expenses				
Operating and production costs	241	180	560	348
Workover expenses	8	20	49	41
General and administrative	443	482	1,043	1,167
Loss on disposition of assets	-	45	22	45
Depreciation and depletion	144	172	324	363
Accretion	110	95	221	191
Other, net	(9)	(54)	24	4
Foreign currency translation loss	1	1	1	-
Total expenses	938	941	2,244	2,159
Net comprehensive loss for the period	\$ (663)	\$ (690)	\$ (1,608)	\$ (1,723)
Loss per share - basic and diluted	\$ (0.08)	\$ (0.12)	\$ (0.20)	\$ (0.30)

See accompanying notes to unaudited interim condensed consolidated financial statements.

HUNTER OIL CORP.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(all amounts, except common shares, expressed in thousands of US dollars)

	Number of Common Shares			
	June 30,		June 30,	
	2017	2016	2017	2016
Total Shareholders' Equity, beginning balances			\$ 25,301	\$ 26,810
Equity Instruments (Common Shares)				
Balance, January 1	8,070,871	1,600,871	126,628	124,166
Issued stock, no par value	-	6,470,000	-	2,464
Offering costs	-	-	(2)	-
Balance, June 30	8,070,871	8,070,871	126,626	126,630
Contributed Surplus				
Balance, January 1			9,256	9,256
Balance, June 30			9,256	9,256
Accumulated Deficit				
Balance, January 1			(110,583)	(106,612)
Net loss			(1,608)	(1,723)
Balance, June 30			(112,191)	(108,335)
Total Shareholders' Equity, ending balances			\$ 23,691	\$ 27,551

See accompanying notes to unaudited interim condensed consolidated financial statements.

HUNTER OIL CORP.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(all amounts expressed in thousands of US dollars)

	Six Months Ended	
	June 30,	
	2017	2016
Cash provided by (used in):		
Operating activities		
Net loss for the year	\$ (1,608)	\$ (1,723)
Add (deduct) non-cash items:		
Depreciation and depletion	324	363
Accretion of asset retirement costs	221	191
Loss on disposition of assets	22	45
Foreign currency translation loss	1	-
Non-cash other expense	32	(48)
Total non-cash items	(1,008)	(1,172)
Asset retirement expenditures	(58)	(33)
Changes in working capital	719	(344)
Cash used in operations	(347)	(1,549)
Investing activities		
Exploration and evaluation expenditures	(101)	-
Property and equipment expenditures	(388)	(279)
Decreases in restricted cash, net	-	1,936
Cash provided by (used in) investing activities	(489)	1,657
Financing activities		
Proceeds from private placement funding	-	2,164
Offering costs on private placement funding	(2)	-
Cash provided by (used in) financing activities	(2)	2,164
Change in cash and cash equivalents	(838)	2,272
Cash and cash equivalents, beginning of the period	1,050	1,257
Cash and cash equivalents, end of period	\$ 212	\$ 3,529

See accompanying notes to unaudited interim condensed consolidated financial statements.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

1. Reporting Entity and Description of Business

Hunter Oil Corp., formerly known as Enhanced Oil Resources Inc., was incorporated in British Columbia, Canada and is engaged, through its wholly-owned U.S. subsidiaries (collectively referred to as the “Company”) in the acquisition, development, operation and exploitation of crude oil and natural gas properties in the Permian Basin in eastern New Mexico, United States.

Common shares of the Company are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “HOC” and quoted on the OTCQX (“Over the Counter” marketplace) under the symbol “HOILF”. The address of the registered office of the Company is Suite 940, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 Canada.

2. Liquidity and Going Concern

While these unaudited interim condensed financial statements are prepared on the basis that the Company will continue to operate as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the twelve-month period following the date of these consolidated financial statements, certain conditions and events cast significant doubt on the validity of this assumption. For the six months ended June 30, 2017, the Company had negative cash flows from operations of approximately \$0.3 million and, at June 30, 2017, an accumulated deficit of approximately \$112.2 million. The Company also expects to incur further losses during the future development of its business. The Company’s ability to continue as a going concern is dependent upon its ability to generate profitable production and to obtain additional funding from loans or equity financings or through other arrangements. Although the Company has been successful in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These annual consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

3. Basis of Presentation and Summary of Significant Accounting Policies

Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim condensed financial statements, including International Accounting Standard 34, “Interim Financial Reporting.” The Company has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2016, which are available on the Company’s website at www.hunteroil.com. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

The accounting policies applied in these unaudited interim consolidated financial statements are based on IFRS issued and outstanding as of August 29, 2017, the date the Company's Board of Directors approved the statements.

The accompanying unaudited interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Accordingly, actual results may differ from these estimates.

Basis of Presentation

Functional Currency – These unaudited interim condensed consolidated financial statements are presented in United States dollars, unless otherwise indicated. All references to \$ are to United States dollars and references to C\$ are to Canadian dollars.

Reclassifications – Certain reclassifications have been made to the June 30, 2017, unaudited interim condensed consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or accumulated deficit.

Basis of Measurement and Estimation Uncertainty – The unaudited interim condensed consolidated financial statements are prepared on a historical cost basis except as detailed in the Company's accounting policies disclosed in this note. The timely preparation of the unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the unaudited interim condensed consolidated financial statements, and the amount of revenues and expenses. Accordingly, actual results may differ from these estimates.

Principles of Consolidation and Presentation – The unaudited interim condensed consolidated financial statements of the Company include the financial information of Hunter Oil Corp. (the "Parent Company") and its wholly-owned subsidiary, Hunter Oil Management Corp. ("HOMC") (formerly Ridgeway Petroleum (Florida), Inc.). HOMC includes the results of its wholly-owned subsidiaries, Hunter Oil Resources Corp. (formerly Enhanced Oil Resources USA Inc.), Milnesand Minerals Inc., Chaveroo Minerals Inc., and Hunter Oil Production Corp. ("HOPC") (formerly Arizona Resources Industries, Inc.). HOPC includes the results of its wholly-owned subsidiaries, Ridgeway Arizona Oil Corp. and EOR Operating Company. All intercompany amounts have been eliminated upon consolidation.

4. Future Accounting Pronouncements

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these consolidated financial statements.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

IFRS 9: Financial Instruments

The complete version of *IFRS 9* was issued in July 2014. It replaced guidance in *IAS 39* that relates to the classification and measurement of financial instruments. *IFRS 9* retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in *IAS 39*. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. *IFRS 9* relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under *IAS 39*. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has not fully assessed the impact of *IFRS 9*, but does not expect the impact to be significant.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. In accordance with *IFRS 15*, the Company recognizes revenue when it satisfies a performance obligation (when control of the commodities is transferred to the purchaser). The standard replaces *IAS 18 Revenue* and *IAS 11 Construction Contracts* and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company has not fully assessed the impact of *IFRS 15*, but does not expect the impact to be significant.

IFRS 16: Leases

This new standard replaces *IAS 17 "Leases"* and the related interpretative guidance. *IFRS 16* applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, *IFRS 16* introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted *IFRS 15*. The Company has not fully assessed the impact of *IFRS 16*, but does not expect the impact to be significant.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

5. Restricted Cash

Restricted cash is comprised of cash escrowed amounts and certificates of deposit at banks which are pledged either to secure plugging and abandonment obligations for properties operated by the Company's subsidiaries or to secure a well site reclamation project in Canada.

The following table summarizes restricted cash balances:

	June 30, 2017	December 31, 2016
Bank deposits pledged to secure asset retirement obligations	\$ 2,340	\$ 2,340
Short-term	\$ -	\$ -
Long-term	\$ 2,340	\$ 2,340

6. Receivables and Subscriptions Receivable

The Company's receivables were comprised of amounts due from crude oil purchasers of \$0.1 million at both June 30, 2017 and December 31, 2016, and other receivables of \$0.1 million at December 31, 2016. The Company's subscriptions receivable was comprised of private placement proceeds held in escrow of \$0.5 million at December 31, 2016. Management does not consider any of the receivable balances to be impaired.

7. Prepaid Expenses and Other Deposits

The Company's prepaid expenses were comprised of plugging bonds, insurance, and other short-term assets of \$0.1 million and \$0.2 million at June 30, 2017, and December 31, 2016, respectively. In addition, the Company reported \$0.4 million and \$0.3 million in deferred financing costs directly related to a proposed credit facility at June 30, 2017, and December 31, 2016, respectively. Upon retirement of the credit facility, the deferred financing costs will be recorded as a reduction of the related liability and amortized using the effective interest method.

8. Exploration and Evaluation Assets

Exploration and evaluation asset activity for the six months ended June 30, 2017, was as follows:

	Oil and Gas Properties
Balance, January 1, 2017	\$ 64
Additions	101
Balance, June 30, 2017	\$ 165

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

Exploration and evaluation assets include lands and assets that management has not fully evaluated for technical feasibility and commercial viability. Transfers to property and equipment are made when technical feasibility and commercial viability are determined to exist. During 2017, the Company acquired new acreage in Roosevelt County,

New Mexico. The acquisition represents unproved properties with unevaluated potential for primary oil recovery projects and are excluded from the costs subject to depletion and depreciation until proved reserves are attributed to the property.

9. Property and Equipment

Property and equipment activity for the period ended June 30, 2017 was as follows:

	Oil and Gas		
	Properties	Other ⁽¹⁾	Total
Balance, January 1, 2017	\$ 42,623	\$ 342	\$ 42,965
Additions	185	345	530
Dispositions	(183)	(48)	(231)
Change in discount rates of asset retirement obligations	492	-	492
Balance, June 30, 2017	\$ 43,117	\$ 639	\$ 43,756

Accumulated depreciation and depletion:

Balance, January 1, 2017	\$ (3,826)	\$ (192)	\$ (4,018)
Depreciation and depletion	(302)	(22)	(324)
Dispositions	(1)	17	16
Balance, June 30, 2017	\$ (4,129)	\$ (197)	\$ (4,326)

Net book value:

January 1, 2017	\$ 38,797	\$ 150	\$ 38,947
June 30, 2017	\$ 38,988	\$ 442	\$ 39,430

- (1) The "Other" column aggregates long-term, depreciable assets (e.g., Property, Plant, and Equipment, Furnitures and Fixtures) not included in the aggregated amounts listed either in Note 7 - Exploration and Evaluation Assets or in the "Oil and Gas Properties" column listed above.

Future development costs of \$236.2 million and \$95.6 million for the periods ended June 30, 2017 and 2016, respectively, have been included in the computation of depletion expense. No general and administrative costs have been capitalized with regard to property and equipment.

10. Asset Retirement Obligations

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the estimated future obligations associated with the retirement of oil and gas properties:

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

Balance, January 1, 2017	\$ 17,767
Increase in provision due to change in discount rates	492
Increase in provision due to passage of time (accretion)	221
Increase in provision due to asset addition	10
Decrease in provision due to asset disposition	(26)
Asset retirement costs incurred	(58)
Balance, June 30, 2017	\$ 18,406

The total undiscounted amount of estimated future cash flows required to settle the obligations as of June 30, 2017, is \$27.1 million, which has been discounted using risk free rates from 1.14% to 2.69% and an assumed inflation rate of 1.50%. These obligations are expected to be settled over the next twenty-four years and will be funded from general Company resources at the time of retirement.

At June 30, 2017, the Company estimated asset retirement obligations of \$2.0 million and \$0.9 million for active leases administered by the Bureau of Land Management (BLM) and for active leases administered by the New Mexico Oil Conservation Division (OCD), respectively, in its Milnesand field. In addition, the Company estimated plugging obligations of \$1.6 million and \$9.0 million for active BLM leases and for active OCD leases, respectively, in its Chaveroo field. Total estimated asset retirement obligations for expired leases (all in the Chaveroo field) was \$2.2 million. The following table summarizes the Company's total estimated asset retirement obligation by field at June 30, 2017 and 2016.

	Active Leases		Expired Leases		Facilities	Total Liability
	BLM	OCD	BLM	OCD		
Milnesand Field	2,049	909	-	-	772	3,730
Chaveroo Field	1,594	8,963	1,138	1,034	1,947	14,676
Balance, June 30, 2017	\$ 3,643	\$ 9,872	\$ 1,138	\$ 1,034	\$ 2,719	\$ 18,406

	Active Leases		Expired Leases		Facilities	Total Liability
	BLM	OCD	BLM	OCD		
Milnesand Field	2,207	983	-	-	824	4,014
Chaveroo Field	1,797	8,523	1,545	2,052	2,237	16,154
Balance, June 30, 2016	\$ 4,004	\$ 9,506	\$ 1,545	\$ 2,052	\$ 3,061	\$ 20,168

The \$0.7 million recorded as current asset retirement obligations at June 30, 2017, represents the amount that the Company anticipates spending over the proceeding twelve calendar months on surface reclamation activities associated with recent asset retirement activities coupled with the estimated cost of asset retirement activities for the next ten wells in its BLM-compliant abandonment program.

11. Accounts Payable and Accrued Liabilities

The Company's trade payables at June 30, 2017, and December 31, 2016, were \$0.5 million and \$0.4 million respectively. The Company's accrued liabilities at both June 30, 2017, and December 31, 2016, were \$0.1 million.

During 2016, the Company received \$1.75 million in private placement funds discussed in Note 18 – Private Placement. Gross proceeds totaled \$2.5 million. The Company also incurred offering costs of \$0.04 related to the private placement. The funds are recorded in equity instruments on the unaudited interim condensed consolidated balance sheet (see Note 12 – Equity Instruments).

12. Equity Instruments

Share Consolidation – Effective January 21, 2015, the Company implemented a share consolidation on the basis of one new common share for every ten pre-consolidation shares. Effective September 9, 2016, the Company implemented a share consolidation on the basis of one new common share for every ten pre-consolidation shares as of September 9, 2016. Accordingly, all references to the outstanding common shares of the Company in these financial statements have been restated to give effect to the consolidations as if the number of shares were effective for all periods presented.

Authorized Shares – The Company is authorized to issue an unlimited number of common shares of no par value and up to 25 million preferred shares of no par value.

Issued and Outstanding – The Company had 8,070,871 common shares outstanding at both June 30, 2017, and June 30, 2016. The Company did not issue shares during the first six months of 2017.

The Company had 1,000 preferred shares outstanding at June 30, 2017 and 2016, respectively.

Stock option plan – The Company has a stock option plan under which up to 10% of the number of outstanding common shares may be reserved for issuance as of any particular stock option grant date. The stock options were granted with a five-year expiry term. The exercise prices for all outstanding options are denominated in Canadian dollars, the trading currency of the Company's common shares.

As of June 30, 2017, the Company has nil stock options outstanding.

Earnings per share – The weighted average number of shares outstanding that was used for purposes of the computation of basic per share data was 8,070,871 at June 30, 2017, and 5,713,319 at June 30, 2016. Since the Company incurred a net loss for both periods, no common stock equivalents were included in the computation of diluted earnings per share as their inclusion would have been anti-dilutive.

Stock-Based Compensation – No stock-based compensation expense was recognized during the six months ended June 30, 2017 and 2016, as no options were granted and all options were fully vested at January 1, 2016. Stock-based compensation previously recorded by the Company relating to options that have not been exercised is included in contributed surplus.

At June 30, 2017, there were no stock options outstanding.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

13. Related Party Transactions

The Company paid approximately \$0.12 million in management fees to an entity controlled by the Company's Chief Executive Officer during the six months ended June 30, 2017 and 2016, respectively.

14. Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The following table summarizes compensation paid or payable to officers and directors of the Company, including the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer:

	June 30, 2017	June 30, 2016
Salaries, bonuses, benefits and fees	\$ 377	\$ 417
Management fees	120	120
Total compensation	\$ 497	\$ 537

15. Commitments and Contractual Obligations

The Company is committed to the following non-cancellable future minimum lease payments, related to two office leases, at June 30, 2017:

2017	\$ 46
2018	42
Total	\$ 88

16. Fair Value Measurements

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

The Company has determined that the carrying value of its short-term financial assets and liabilities (cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities) approximates fair value at the consolidated balance sheet dates due to the short-term maturity of these instruments.

17. Risk Management

Risks Associated with Financial Assets and Liabilities – The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risks (such as commodity prices, foreign exchange and interest rates), credit risk and liquidity risk. The future cash flows of financial assets or liabilities may fluctuate due to movements in market prices and the exposure to credit and liquidity risks. Disclosures relating to exposure risk are provided in detail as follows:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments exposed to concentrations of credit risk are primarily cash and cash equivalents, including restricted cash, and accounts receivable.

The Company limits its exposure to credit risk with respect to cash equivalents by investing available cash in short-term deposits with Canadian and US banks, principally in overnight money market funds investing in government treasury instruments. The Company's receivables mainly consist of amounts due from sales of its crude oil and natural gas production.

With respect to its crude oil and natural gas production receivables, the Company is the operator of all its property interests and owns the significant majority of the working interest in producing properties.

Receivables related to the sale of crude oil production are with two major reputable marketers and proceeds are collected within approximately 25 days following the month of delivery. The Company produces a limited amount of natural gas which is sold to a reputable purchaser and collections occur within approximately 55 days of the end of any monthly period.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As described in Note 2 of these consolidated financial statements, management of the Company has assessed that there may be significant doubt regarding the Company's ability to continue as a going concern. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At June 30, 2017, the Company had cash of \$0.2 million, excluding restricted cash of \$2.3 million. The Company is dependent on raising funds by borrowings, equity issues, or asset sales to finance its ongoing operations, capital expenditures and acquisitions. The contractual maturity of the majority of accounts payable is within three months or less. The Company has historically financed its expenditures and working capital requirements through the sale of common stock or, on occasion, through the issuance of short-term debt.

HUNTER OIL CORP.

Amended and Restated

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Six Months Ended June 30, 2017 and 2016

Foreign Exchange Risk

Substantially all of the Company's assets and expenditures are either denominated in or made with US dollars. As a result, the Company has very limited exposure to foreign exchange risk in relation to existing commitments or assets denominated in a foreign currency. The Company has chosen not to enter into any foreign exchange contracts since its Canadian dollar working capital balances are not significant to the consolidated entity.

Commodity Price Risk

The Company is exposed to fluctuations in the world commodity prices for its products with a corresponding impact to cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, thus compromising the Company's capacity to grow production while at the same time replacing continuous production declines from existing properties. When the Company forecasts increased debt levels due to capital expenditures exceeding cash flow, it may enter into oil and natural gas hedging contracts in order to provide stability of future cash flow. The Company engages in derivative financial instruments solely to manage its commodity price risk exposure relative to its actual commodity production and not for speculative purposes. The Company has no derivative contracts in place at June 30, 2017.

18. Private Placement

On May 13, 2016, the Company closed a private placement of US \$2.5 million. On closing, a total of 6,470,000 common shares was issued at a price of C\$0.50 per share. The use of proceeds is operating expenses and general working capital.

During 2016, the Company received \$1.75 million in private placement subscription proceeds and \$0.5 was received in 2017. Gross proceeds total \$2.5 million. The private placement proceeds are recorded in equity instruments on the unaudited interim condensed consolidated balance sheet.

19. Supplemental Cash Flow Information

The (increase)/decrease in working capital is comprised of:

	June 30, 2017	June 30, 2016
Receivables and subscription receivable	\$ 525	\$ 69
Prepaid expenses and deposits	5	(277)
Other non current assets	-	74
Accounts payable and accrued liabilities	189	(210)
Total	\$ 719	\$ (344)
Relating to:		
Operating activities	\$ 719	\$ (344)