International Frontier Resources Corporation

Interim Financial Statements

For the Three Month Periods Ended March 31, 2019 and 2018

Contents

National Instrument 51-102 Notice

The condensed consolidated interim financial statements of International Frontier Resources Corporation ("the Company") For the three-month periods ended March 31, 2019 and 2018 have been compiled by management.

These financial statements have not been reviewed or audited on behalf of the shareholders by the Company's independent external auditors.

International Frontier Resources Corporation
Consolidated Balance Sheets

As at:	March 31, 2019	December 31, 2018
Assets		
Current		
Cash and cash equivalents (Note 15)	**$ 44,295**	$ 425,030
Accounts receivable	**1,036,765**	851,365
Prepaids and deposits	**43,335**	36,720
Restricted cash on deposit (Note 5)	**-**	300,000
Shareholder loan (Note 13)	**4,800,660**	4,626,355
	5,925,055	6,239,470
Tonalli purchase option (Note 13)	**45,000**	45,000
Investment in associates (Note 13)	**114,440**	358,840
Exploration and evaluation assets (Note 6)	**-**	-
Property, plant and equipment (Note 7)	**3,725**	3,940
	$ 6,088,220	$ 6,647,250
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 735,755**	$ 756,140
Shareholders' Equity		
Share capital (Note 8a)	**54,619,440**	54,619,440
Contributed surplus (Note 8b)	**12,254,600**	12,204,285
Deficit	**(61,521,575)**	(60,932,615)
	5,352,465	5,891,110
	$ 6,088,220	$ 6,647,250

Commitments and contingencies (Note 14)
Subsequent event (Note 17)

On behalf of the Board

(Signed) "Gary Lyons" Director **(Signed) "Anthony Kinnon"** Director

See accompanying notes to the consolidated financial statements.

International Frontier Resources Corporation

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

For the three months ended March 31,		2019		2018
Expenses				
General and administration	$	**180,570**	$	391,585
Pre-exploration costs		**63,000**		74,155
Depreciation (Note 7)		**215**		285
Share based compensation (Note 8d)		**50,315**		161,355
Loss on equity investment (Note 13)		**244,400**		240,550
		538,500		867,930
Finance income and expenses				
Interest income		**55,530**		2,590
Foreign exchange gain (loss)		**(105,990)**		56,075
		(50,640)		58,665
Net loss and comprehensive loss	$	**(588,960)**	$	(809,265)
Net loss per share (Note 10)				
Basic and diluted	$	**(0.00)**	$	(0.01)

See accompanying notes to the consolidated financial statements.

International Frontier Resources Corporation
Consolidated Statements of Changes in Shareholders' Equity

As at:	March 31, 2019			December 31, 2018		
	Number		Amount	Number		Amount
Common shares						
Balance, beginning of year	**152,072,385**	**$**	**54,619,440**	**144,395,885**	**$**	**52,895,985**
Shares issue on exercise of options			**-**	**1,806,500**		**298,880**
Shares issue on exercise of warrants			**-**	**5,870,000**		**1,424,575**
Balance, end of year	**152,072,385**	**$**	**54,619,440**	**152,072,385**	**$**	**54,619,440**
Contributed surplus						
Balance, beginning of year		**$**	**12,204,285**		**$**	**12,048,430**
Share based compensation expense (Note 8)			**50,315**			**662,660**
Exercise and expiry of warrants			**-**			**(388,660)**
Exercise of stock options			**-**			**(118,145)**
Balance, end of year		**$**	**12,254,600**		**$**	**12,204,285**
Deficit						
Balance beginning of year		**$**	**(60,932,615)**		**$**	**(52,091,855)**
Expiries on warrants		**$**	**-**		**$**	**20,690**
Net loss for the year			**(588,960)**			**(8,861,450)**
Balance, end of year		**$**	**(61,521,575)**		**$**	**(60,932,615)**

See accompanying notes to the consolidated financial statements.

International Frontier Resources Corporation

Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended March 31,	**2019**	2018
Operating		
Net loss from continuing operations	**$ (588,960)**	$ (809,265)
Non-cash items:		
Depreciation	**215**	285
Share based compensation (Note 8)	**50,315**	161,355
Forfeiture of EL 495 (Note 5)	**300,000**	-
Unrealized foreign exchange loss	**95,855**	-
Loss on equity investment (Note 13)	**244,400**	240,550
	101,825	(407,075)
Change in non-cash working capital	**(149,720)**	(154,350)
	(47,895)	(571,425)
Investing		
Shareholder loan (Note 13)	**(270,070)**	(2,317,515)
Cash flow used in continuing investing activities	**(270,070)**	(2,317,515)
Change in non-cash investing capital	**(62,770)**	-
	(322,840)	(2,317,515)
Financing		
Exercise of warrants	**-**	18,000
Exercise of options	**-**	35,650
Cash flow from continuing financing activities	**-**	53,650
Net change in cash and cash equivalents	**(380,735)**	(2,835,290)
Cash and cash equivalents		
Beginning of year	**425,030**	5,640,735
End of year	**$ 44,295**	$ 2,805,445

Supplemental cash flow information (Note 15)

See accompanying notes to the consolidated financial statements.

1. Nature of operations

International Frontier Resources Corporation (the "Company") is an independent Canadian publicly traded company, the principle business of which is to acquire, develop, exploit and produce oil and natural gas in Mexico, the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada, and in north-west Montana in the United States.

The Company was incorporated under the Canada Business Corporations Act in Alberta, Canada in 1997. The Company is listed on the TSX Venture Exchange, having the symbol IFR-V. The address of the Company's corporate office and principal place of business is Suite 2410, 520 5th Avenue S.W., Calgary, Alberta, Canada.

The consolidated financial statements include the accounts of the Company and its 99.80% owned Mexican subsidiary, Petro Frontera S.A.P.I de CV ("Frontera"), which is accounted for using the consolidation method. All inter-company transactions and balances are eliminated upon consolidation. The consolidated financial statements also include Frontera's 50% investments in Tonalli Energia S.A.P.I. de CV ("Tonalli"), and Energia Mex Can ("Mexcan"), Mexican companies which are accounted for using the equity method.

2. Basis of preparation and statement of compliance

Statement of compliance

The condensed consolidated interim financial statements (the "financial statements") have been prepared by management and reported in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited Financial Statements at December 31, 2018.

These financial statements were approved and authorized for issue by the Board of Directors on May 24, 2019

Basis of measurement

These financial statements have been prepared on a historical cost basis, unless otherwise required.

The Company's financial statements include the accounts of the Company and its subsidiary and are expressed in Canadian dollars, unless otherwise stated.

Functional and presentation currency

The financial statements are presented in Canadian dollars which is the Company's reporting currency. The Company's subsidiaries transact in currencies that other than the Canadian dollar and have a functional currency of Mexican peso. The functional currency of a subsidiary is the currency of the primary economic environment in which the subsidiary operates. Transactions denominated in a currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in a currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate as at the date of the statement of financial position. All exchange differences

2. Basis of preparation and statement of compliance (continued)

arising as a result of the translation to the functional currency of the subsidiary are recorded in net earnings.

Translation of all assets and liabilities from the respective functional currencies to the reporting currency are performed using the rates prevailing at the statement of financial position date. The differences arising upon translation from the functional currency to the reporting currency are recorded as currency translation adjustments in other comprehensive income (loss) and are held within accumulated other comprehensive income (loss) until a disposal or partial disposal of a subsidiary. A disposal or partial disposal with then give rise to realized foreign exchange gain or loss which is recorded in net earnings.

Significant Accounting Judgments, Estimates and Assumptions

The timely preparation of the financial statements in accordance with IFRS requires that management make estimates and assumptions and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

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

Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

- Amounts recorded for depletion, depreciation and impairment expense, accretion expense, decommissioning liabilities, fair value measurements, and amounts used in impairment tests for exploration and evaluation assets, and property, plant and equipment are based on estimates. These estimates include petroleum and natural gas reserves, future petroleum and natural gas prices, future interest rates and future costs required to develop those reserves as well as other fair value assumptions.

- The total decommissioning liabilities is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years, based on current legal and constructive requirements and technology. The estimated obligations and actual costs may change significantly due to changes in regulations, technology, timing of the expenditure, and the discount rates used to determine the net present value of the obligations.

2. Basis of preparation and statement of compliance (continued)

- The Company uses the Black-Scholes option pricing model in determining share-based compensation expense, which requires a number of assumptions to be made, including the risk-free interest rate, expected life of options and warrants, forfeiture rate, and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated.

- The determination of the type of joint arrangement as either a joint operation or a joint venture is based on management's determination of whether it has joint control over another entity and considerations include assessment of contractual agreements for unanimous consent of the parties on decision making of relevant activities. Once classified as a joint arrangement, management assesses whether it is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity the direct right to the assets and obligations for the liabilities within the normal course of business, as well as the entity's rights to the economic benefit of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

- Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters.

3. Summary of significant accounting policies

These unaudited interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements for the year ended December 31, 2018, except as identified in Note 4.

The preparation of unaudited interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Further information on the Company's significant accounting policies, future changes in accounting policies and estimates can be found in the notes to the audited financial statements for the year ended December 31, 2018.

4. New accounting policies

Change in accounting policies
On January 1, 2019, the Company adopted the following pronouncements and amendments as issued by the IASB. The adoption of these standards did not have a material impact on the Company's financial statements.

i) IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16, "Leases", which replaced IAS 17, "Leases. The Company applied the new standard retrospectively and, in accordance with the transitional provisions, comparative figures have not been restated. The adoption of IFRS 16 did not have a material impact on the Company's financial statements.

5. Restricted cash on deposit

As at December 31, 2018, the Company had provided an assignment of cash totaling $300,000 as security on the irrevocable standby letter of credit for the Northwest Territories Exploration License 495.

During the period ended March 31, 2019 the license expired along with the Company's letter of credit and the deposit was forfeited.

6. Exploration and evaluation assets

As at March 31, 2019, exploration and evaluation assets consist of total costs incurred less impairments in the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada and Montana, USA.

Cost		**Canada**		**USA**		**Total**
Balance, as at December 31, 2017		23,356,100		2,748,730		26,104,830
Additions		-		-		-
Balance at December 31, 2018 and March 31, 2019	**$**	**23,356,100**	**$**	**2,748,730**	**$**	**26,104,830**
Accumulated Impairment		**Canada**		**USA**		**Total**
Balance, as at December 31, 2017	$	(17,786,315)	$	(2,748,730)	$	(20,535,045)
Impairments		(5,569,785)		-		(5,569,785)
Balance at December 31, 2018 and March 31, 2019	**$**	**(23,356,100)**	**$**	**(2,748,730)**	**$**	**(26,104,830)**
Carrying Value						
Balance at December 31, 2018	$	-	$	-	$	-
Balance at March 31, 2019	$	-	$	-	$	-

The impairment at December 31, 2018 represents costs associated with the Company's significant discovery licenses in the NWT.

7. Property, plant and equipment

Cost		**Office furniture and equipment**
Balance at December 31, 2017	$	137,570
Additions		-
Balance at December 31, 2018		137,570
Additions		-
Balance at March 31, 2019	**$**	**137,570**
Depletion and depreciation		
Balance at December 31, 2017	$	(132,585)
Depletion and depreciation		(1,045)
Balance at December 31, 2018		(133,630)
Depletion and depreciation		(215)
Balance at March 31, 2019	**$**	**(133,845)**
Carrying Value		
Balance at December 31, 2018	$	3,940
Balance at March 31, 2019	$	3,725

Balances at March 31, 2019 and December 31, 2018 represent office equipment.

8. Share capital

a) Authorized:
Unlimited common shares, Unlimited preferred shares

	Number of Shares	Issue Price	Amount
Balance at December 31, 2017	**144,395,885**		**$52,895,985**
Shares issued via exercise of warrants	5,870,000	$0.18	1,056,600
Contributed surplus transferred on exercise of warrants			367,970
Shares issued via exercise of stock options	1,806,500	$0.10	180,650
Contributed surplus transferred on exercise of stock options			118,235
Balance at December 31, 2018 and March 31, 2019	**152,072,385**		**$54,619,440**

Subsequent to the period ended March 31, 2019 the Company issued 21,779,000 shares at a price of $0.095 per share (see Note 17).

8. Share capital (continued)

b) Contributed surplus

	March 31, 2019	December 31, 2018
Balance, beginning of period	**$ 12,204,285**	$ 12,048430
Share based compensation	**50,315**	662,660
Exercise of stock options	**-**	(118,145)
Exercise and expiry of warrants	**-**	(338,660)
Balance, end of period	**$ 12,254,600**	$ 12,204,285

c) Share purchase warrants

	March 31, 2019		December 31, 2018	
	Number of Warrants	**Amount**	Number of Warrants	Amount
Balance, beginning of period	**-**	**$ -**	6,200,000	$ 388,660
Expired	**-**	**-**	(330,000)	(20,690)
Exercised	**-**	**-**	(5,870,000)	(367,970)
Balance, end of period	**-**	**$ -**	-	$ -

d) Stock options

The Company has a stock option plan available to consultants, officers, directors, and employees of the Company to be granted options of up to 10 percent of the issued and outstanding common shares of the Company. The exercise price of each option approximates the market price for the common shares on the date the option was granted. As at March 31, 2019, 10,900,000 common shares were reserved for issuance under the plan. Options granted under the plan vest within two years of the grant date and have a term of five years to expiry.

Outstanding and exercisable

	March 31, 2019		December 31, 2018	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	**10,900,000**	**$ 0.17**	13,786,500	$ 0.16
Granted	**-**	**-**	300,000	0.16
Expired	**-**	**-**	(1,380,000)	0.15
Exercised	**-**	**-**	(1,806,500)	0.10
Balance, end of period	**10,900,000**	**$ 0.17**	10,900,000	$ 0.17

March 31, 2019	Options Outstanding			Options Exercisable	
Exercise Price	Options Outstanding	Weighted Average Contractual Life (years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercisable Price
$0.10	1,475,000	0.54	$ 0.10	1,475,000	$ 0.10
$0.13 - $0.16	4,850,000	1.82	$ 0.14	4,850,000	$ 0.14
$0.22	4,575,000	3.68	$ 0.22	4,575,000	$ 0.22
	10,900,000	2.49	$ 0.17	10,900,000	$ 0.17

8. Share capital (continued)

During the period ended March 31, 2019, the Company granted 300,000 stock options (2018 – 300,000 stock options. The weighted average fair market value of options granted in the period was $0.19 per option. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

		December 31, 2018
Risk-free interest rate		2.20%
Forfeiture rate		2.00%
Expected life of options		5 years
Volatility		130.00%
Dividend yield rate		0%
Share price		$0.16

9. Capital management

In the management of capital, the Company includes certain working capital balances in the definition of capital. Management reviews its capital requirements on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. As at March 31, 2019, the Company's capital as defined above is as follows:

	March 31, 2019	December 31, 2018
Working capital balances included:		
Cash and cash equivalents	**$ 44,295**	$ 425,030
Restricted cash on deposit	**-**	300,000
Accounts receivable	**1,036,765**	851,365
Shareholder loan	**4,800,660**	4,626,355
Accounts payables and accrued liabilities	**(735,755)**	(756,140)
	$ 5,145,965	$ 5,446,610

The Company is in the business of oil and gas exploration in Mexico, the Central Mackenzie Valley ("CMV"), Northwest Territories, Canada, and in north-west Montana in the United States. Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company in order to support the acquisition, exploration and development of oil and gas properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The majority of the properties in which the Company currently has an interest are in the exploration stage and do not generate any revenue. The Company therefore is dependent upon partnerships with industry and external financing to fund the majority of its future exploration programs. The Company will spend existing working capital and will seek additional financing as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential.

Historically, the Company has relied on proceeds from the sale of its common shares to fund its operations. In order to accelerate the Company's current exploration programs, the Company may require additional capital. The timing, pace, scope and amount of the Company's capital expenditures is largely dependent on planned capital expenditure programs and the availability of capital to the Company.

The Company may obtain funds for future capital investments from strategic alliances with other energy or financial partners, the issuance of additional common shares, preferred shares or debt securities, project financing, sale of property interests, or other arrangements, all of which may dilute the interest of the Company's existing shareholders. In the current economic environment, there can be no assurances that the Company can raise capital through the sale of its shares.

In May 2019 the Company had received net proceeds of $2,003,957 from issuance of 21,779,000 common shares pursuant to a private placement.

10. Per share amounts

	Three months ended March 31, 2019	Three months ended March 31, 2018
Net loss from continuing operations	**$ (588,960)**	$ (809,265)
Weighted average number of shares	**152,072,385**	144,473,517
Basic loss per share from continuing operations	**$ (0.00)**	$ (0.01)

11. Related party transactions

In the first quarter the Company paid compensation to key executives as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Executive officers – salaries	**$ 152,000**	$ 152,000
Stock based compensation	**39,905**	119,715
Director's Fees	**-**	12,000
	$ 191,905	$ 283,715

At March 31, 2019, $188,150 (December 31, 2018 – $36,150) was included in accounts payable and accrued liabilities owing to related parties.

Included in accounts receivable at March 31, 2019 is $650,990 (December 31, 2017 - $501,630) representing amounts for reimbursement of overhead expenses owing from Tonalli Energia Corporation, in which the Company's 99.80% owned Mexican subsidiary, Frontera, has a 50% shareholding.

Also included in accounts receivable at March 31,2019 is $180,000 (December 31, 2018 - $180,000) from a Director of the Company for amounts owing with respect to the exercise of warrants in 2018.

The above transactions were incurred in the normal course of operations of the Company and have been recorded at the exchange amounts that were established and agreed upon by the related parties.

12. Segmented information

The Company's activities are conducted in two geographic segments: Canada (including USA) and Mexico. All activities relate to exploration for and development of petroleum and natural gas resources.

a) Net loss and comprehensive loss

Three months ended March 31, 2019	Canada	Mexico	Total
Expenses			
General and administration	$ 124,300	$ 56,270	$ 180,570
Pre exploration costs	-	63,000	63,000
Depreciation	215	-	215
Share based compensation	50,315	-	50,315
Loss on equity investments	-	244,400	244,400
	174,830	363,670	538,500
Finance income and expenses			
Interest income	1,500	54,030	55,530
Foreign exchange gain	(5,100)	(100,880)	(105,990)
	(3,610)	(46,850	(50,460)
Net loss and comprehensive loss	$ (178,440)	$ (410,520)	$ (588,960)

Three months ended March 31, 2018	Canada	Mexico	Total
Expenses			
General and administration	$ 391,480	$ 110	$ 391,590
Pre exploration costs	4,865	69,290	74,155
Depletion and depreciation	285	-	285
Share based compensation	161,350	-	161,350
Loss on equity investment	-	240,550	240,550
	557,980	309,950	867,930
Finance income and expenses			
Interest income	2,590	-	2,590
Foreign exchange gain (loss)	115,165	(59,090)	56,075
	117,775	59,090	58,665
Net loss and comprehensive loss	$ (440,225)	$ (369,040)	$ (809,265)

12. Segmented information (continued)

a) Assets

Period ended March 31, 2019

	Canada	Mexico	Total
Total assets	$ 961,085	$ 5,127,135	$ 6,088,220

Period ended December 31, 2018

	Canada	Mexico	Total
Total assets	$ 1,130,400	$ 5,516,850	$ 6,647,250

13. Investment in associates

The Company's investments in Tonalli and Mexcan is as follows:

As at March 31, 2019	Tonalli	Mexcan	Total
Balance, beginning of period	$ 328,395	$ 30,445	**$ 358,840**
Share of income (loss) for the period	(248,550)	4,150	**(244,400)**
Balance, end of period	$ 79,845	$ 34,595	**$ 114,440**
As at December 31, 2018	**Tonalli**	**Mexcan**	**Total**
Balance, beginning of year	$ 1,293,930	$ -	**$ 1,293,930**
Contributions	-	27,215	**27,215**
Share of income (loss) for the year	(965,535)	3,230	**(962,305)**
Balance, end of year	$ 328,395	$ 30,445	**$ 358,840**

At March 31, 2019, Frontera has loaned $4,800,660 CAD equivalent to Tonalli in the form of a shareholder loan pursuant to a shareholder loan agreement. Per the terms of a shareholder loan agreement, the loan has a maturity date of December 31, 2019 and accrues interest at Libor plus 2.75%.

Interest accrued at March 31, 2019 was $192,065 (December 31, 2018 - $129,385) and has been included in accounts receivable at March 31, 2019.

13. Investment in associates (continued)

The Company periodically assesses its investments to determine whether there is any indication of impairment. When there is an indication of impairment, an impairment loss in respect of an equity-method accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there is a favorable change in the estimates used to determine the recoverable amount.

Tonalli Energia

a) Balance sheets

As at:	March 31, 2019	December 31, 2018
Cash	$ 204,260	$ 314,050
Other current assets	2,729,575	2,891,800
Oil and gas properties	10,863,585	10,982,980
Other non current assets	1,506,295	1,506,295
Total assets	15,303,715	15,695,125
Current liabiltiies - payables and accruals	3,729,895	4,738,425
Current liabiltiies - shareholder loan payable	10,839,610	9,766,855
Asset reitrement obligation	117,610	118,290
Total liabilities	14,687,115	14,623,570
Net equity	616,600	1,071,555
	$ 15,303,715	$ 15,695,125

b) Net loss

Three months ended March 31,	2019	2018
Oil revenues net of royalties	$ 321,460	$ -
Interest income	5,725	29,720
	327,185	29,720
Operating and administrative expenses	696,105	506,850
Depletion and depreciation	96,085	3,970
Foreign exchange	32,095	-
	824,285	510,820
Loss before income taxes	(497,100)	(481,100)
Deferred tax benefit	-	-
Net loss	$ (497,100)	$ (481,100)

13. Investment in associates (continued)

Mexcan

a) Balance sheets

As at:	March 31, 2019	December 31, 2018
Cash	$ 9,840	$ 3,085
Other current assets	96,180	129,035
Non current assets	4,065	4,090
Total assets	110,085	136,210
Current liabiltiies - payables and accruals	39,020	73,445
Net equity	71,065	62,765
Total liabiliities and equity	$ 110,085	$ 136,210

b) Net Income (loss)

Three months ended March 31,	2019	2018
Administrative income	$ 146,455	$ -
Administrative expenses	138,155	-
Income before taxes	8,300	-
Current taxes	-	-
Deferred tax benefit	-	-
Net loss	$ 8,300	$ -

On September 26, 2018 the Company entered into a share option agreement (the "Option Agreement') with its joint venture partner, Grupo IDESA S.A. de C.V. (IDESA) pursuant to which the Company's wholly-owned Mexican subsidiary Frontera was granted the option (the "Option") to purchase all of the outstanding shares in Tonalli held by IDESA. Currently, Frontera holds 50% of the outstanding shares of Tonalli with IDESA holding the remaining 50%.

Under the terms of the Option Agreement, Frontera has the right to acquire the outstanding shares of Tonalli held by IDESA prior to the expiry date of September 25, 2020 upon payment of the exercise price in the amount of 70,000,000 common shares of the Company less the number of the Company's shares issued to IDESA prior to the exercise as part of the future private placement as set out in the Option Agreement. Pursuant to the Option Agreement, IDESA has agreed to subscribe for the Company's shares in the aggregate amount of a minimum of CDN$1,000,000 as part of a future private placement of the Company's shares to be completed by Company before March 25, 2019. Subsequent to the perioded ended March 31, 2019 it was agreed that the Option Agreement would be amended to extend the date of the subscription of shares and on April 22, 2019 IDESA participated in a private placement and was issued 10,714,500 shares for proceeds of CDN $1,017,880.

The exercise of the Option is subject to certain customary closing conditions, as well as the approval of the TSX Venture Exchange and the National Hydrocarbons Commission of Mexico. The fair value of the Option is determined to be $45,000 at March 31, 2019. The Option is classified as a Level 3 financial instrument in the fair value hierarchy and is measured based on the adjusted net asset value of Tonalli with reference to a reserve report on Tonalli's oil and gas properties, the trading price of the Company's share at the valuation date and expected volatility.

14. Commitments and contingencies

a) Effective December 1, 2016 the Company is party to an agreement to lease its new premises until June 29, 2019. The annual rent of the premises will consist of minimum rent plus occupancy costs. Minimum rent plus occupancy costs to the end of the lease is $12,500.

b) On August 25, 2016, Tonalli met all of the terms and conditions and signed a license contract with the Mexico Comision Nacional de Hidrocarburos (CNH) for the Onshore Oil and Gas Development Block 24, Tecolutla, granting Tonalli the right to develop and produce hydrocarbons. As required by the CNH, Tonalli secured from a Mexican institution a US$1,764,100 performance bond toward the guarantee of performance of the minimum work programs for a total of 4,600 work units.

In conjunction with the above, in 2017, the Company announced the closing of an Account Performance Security Guarantee (APSG) facility of US$882,050 with Export Development Canada ("EDC"). The facility is provided as 50% of a performance bond issued by Tonalli.

At March 31, 2019, Tonalli had completed the majority of the work required for its workover of the TEC-2 well and the full requirements for the drilling of the TEC-10 well in order to satisfy the minimum work requirement as required by the License Contract. Tonalli has received accreditation for 4,000 work units with respect to the TEC-10 drill and is working on completing the work and applying for accreditation of its remaining 600 work units. The performance bond was returned in January 2019 upon fulfilment and approval of the required work program.

On July 6, 2018, Tonalli received approval from CNH to extend its Tecolutla evaluation plan. Subject to final approval for the modification of the work program, Tonalli intends to drill a horizontal well as part of this extension. As a result, Tonalli posted an additional performance bond relative to the new work program in the amount of US$1,649,050.

At March 31, 2019, Tonalli had completed the the full requirements for the drilling of the TEC-11 well in order to satisfy the minimum work requirement as required by the extension of the evaluation plan. Tonalli is in the process of applying for accreditation of the total work units under the new work program

15. Supplemental cash flow information

Changes in non-cash working capital items increase (decrease) cash as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Receivables	**$ (185,490)**	$ (243,040)
Prepaids	**(6,615)**	26,900
Payables and accruals	**(20,385)**	51,790
	$ (212,490)	$ (164,450)
Operating activities	**$ (149,720)**	$ (164,450)
	$ (149,720)	$ (164,450)
Investing activities	**$ (62,770)**	$ (164,450)
	$ (62,770)	$ (164,450)
Taxes paid	**$ -**	$ -
Interest paid	**$ -**	$ -
Cash and cash equivalents are comprised of:		
Cash	$ **31,225**	$ 1,408,585
Cash on hand - Mexico	**13,070**	1,396,860
	$ 44,295	$ 2,805,445

16. Financial risk management

The Company is exposed to financial risk in a range of financial instruments including cash and cash equivalents, accounts receivable, shareholder loan and accounts payable and accrued liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are discussed below:

a) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

Management does not believe that there is significant credit risk arising from any of the Company's customers or partners as all amounts outstanding at March 31, 2019 are due from related parties and are expected to be collected in 2019. The maximum exposure to loss arising from accounts receivable at any given time is equal to their total carrying amounts on the balance sheet.

The following table presents the aging of the Company's accounts receivable at March 31, 2019:

Total accounts receivable	**0 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Greater than 90 days**
$ 1,036,765	$ 113,895	$ 53,860	$ 50,905	$ 818,105

16. Financial risk management (continued)

The maximum exposure to credit risk is represented by the carrying amount on the balance sheet of all the financial assets. All balances receivable greater than 60 days are owing from related parties, there are no material financial assets due from third parties that are past due. During the year ended March 31, 2019, there was no allowance for doubtful accounts recorded, as all amounts outstanding at March 31, 2019 are deemed collectible.

Should the Company determine that the ultimate collection of a receivable is in doubt, it will provide the necessary provision in its allowance for doubtful accounts based on historical credit loss experience adjusted for forward looking factors with a corresponding charge to earnings. If the Company subsequently determines an account is uncollectible, the account is written off with a corresponding charge to the allowance account. At March 31, 2019, the Company's allowance for doubtful accounts balance was $nil (December 31, 2018 – $nil).

b) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate cash flow risk to the extent the changes in market interest rates will impact the Company's interest rate price risk with respect to funds invested in short term marketable securities. As at March 31, 2019, the Company did not have any financial assets based on variable interest rates and as such the Company has no specific interest rate risk at year-end. The Company does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate risk.

c) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company has financial instruments denominated in US dollars and Mexican pesos. The Company's management monitors the exchange rate fluctuations on a regular basis. The Company does not use currency derivative instruments to manage the Company's exposure to foreign currency fluctuations.

At March 31, 2019, the carrying amount of the Company's Mexican pesos denominated net monetary assets was approximately $104,055 pesos. Assuming all other variables remain constant, a fluctuation of one percent in the exchange rate of the Canadian dollar to the Mexican pesos at March 31, 2019 would have affected the value of such balances by approximately $1,040 CAD.

At March 31, 2019, the carrying amount of the Company's U.S. dollar denominated monetary assets was approximately US $6,550 Assuming all other variables remain constant, a fluctuation of one percent in the exchange rate of the Canadian dollar to the U.S. dollar at March 31, 2019 would have affected the value of such balances by approximately $50 CAD.

16. Financial risk management (continued)

d) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum are impacted by the relationship between the Canadian Dollar and Mexican Peso, the Canadian Dollar and United States Dollar, global economic events and Mexican government policies.

The operations of Tonalli are affected by changes in commodity prices, which in turn, will affect the Company's investment in associates.

e) Liquidity risk

Liquidity risk includes the risk that:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value which is less than what they are worth; or
- The Company may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements including amounts projected to complete budgeted capital expenditures are continuously monitored and adjusted as input variables change. These variables include, but are not limited to, opening cash and cash equivalents balance, available bank lines, oil and natural gas production from existing wells, results from new wells drilled, commodity prices, and cost overruns on capital projects and changes to government regulations relating to prices, taxes, royalties, land tenure, allowable production and access to equity markets. As these variables change, liquidity risks may necessitate the need for the Company to conduct equity issues or obtain project debt financing.

f) Fair value of financial instruments

The Company classifies the fair value of financial instruments at fair value through profit or loss according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations 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.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

At March 31, 2019 and December 31, 2018 cash and cash equivalents and restricted cash on deposit have been classified as Level 1. The Tonalli purchase option is classified as Level 3.

17. Subsequent event

Subsequent to March 31, 2019, the Company received gross proceeds of $2,069,005 (net $2,003,957) for the issuance of 21,779,000 common shares at a price of $0.095 per shares pursuant to a non-brokered private placement. All shares issued in connection with the private placement will be subject to a hold period of four months from the date of closing.