Relentless Resources Ltd.

Condensed Interim Financial Statements

(Unaudited)

For the three months ended

March 31, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 condensed interim financial statements of the Company as at, and for the three months ended March 31, 2018 and 2017, have been prepared in accordance with IFRS and are the responsibility of the Company's management. The interim financial statements and related financial reporting matters have been reviewed and approved by the Audit Committee. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements as at and for the three months ended March 31, 2018 and 2017 in accordance with the standards established by the Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Relentless Resources Ltd.

Condensed Interim Statements of Financial Position
(Unaudited)

	Note		March 31, 2018		December 31, 2017
Assets					
Current					
Cash		$	**2,238,522**	$	-
Accounts receivable			**241,479**		323,601
Share subscriptions receivable	15		**3,622,419**		-
Prepaid expenses and deposits			**151,824**		10,739
			6,254,244		334,340
Property, plant and equipment	5		**10,722,216**		10,676,943
		$	**16,796,460**	$	11,011,283
Liabilities and Shareholders' Equity					
Current					
Accounts payable and accrued liabilities		$	**824,948**	$	564,739
Bank debt	6		**-**		2,272,399
			824,948		2,837,138
Decommissioning obligations	7		**4,017,751**		4,001,215
			4,842,699		6,838,353
Shareholders' equity					
Share capital	8		**23,157,026**		14,940,681
Contributed surplus	11		**2,019,792**		1,474,236
Deficit			**(13,043,057)**		(12,241,987)
			12,133,761		4,172,930
		$	**16,976,460**	$	11,011,283

Note 15 – Subsequent events

SIGNED ON BEHALF OF THE BOARD

"Dan Wilson"
Director

"Murray Frame"
Director

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

Relentless Resources Ltd.

Condensed Interim Statements of Comprehensive Loss
For the three months ended March 31,
(Unaudited)

	Note		2018		2017
Revenues					
Oil and natural gas sales	14	$	**578,539**	$	925,887
Royalties			**(63,791)**		(85,391)
Net revenue			**514,748**		840,496
Expenses					
Production, operating and transportation			**188,067**		344,679
General and administrative			**371,113**		117,937
Finance			**37,911**		19,868
Stock based compensation			**616,123**		-
Depletion and depreciation	5		**102,604**		254,296
Impairment	5		**-**		117,835
			1,315,818		854,615
Comprehensive loss for the period		$	**(801,070)**	$	(14,119)
Comprehensive loss per share, basic and diluted	12	$	**(0.01)**	$	0.00

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

Relentless Resources Ltd.

Condensed Interim Statements of Changes in Shareholders' Equity
For the three months ended March 31,
(Unaudited)

	Note	Number		2018 Amount	Number		2017 Amount
Share capital							
Balance, beginning of period		**88,950,484**	**$**	**14,940,681**	70,061,595	$	13,969,981
Common shares issued	8	**122,222,222**		**8,250,000**	18,888,889		1,000,000
Exercise of warrants	8	**3,400,000**		**187,000**	-		-
Exercise of stock options	8	**2,150,000**		**107,500**	-		-
Exercise of stock options	10	**-**		**70,567**	-		-
Share issuance costs	8	**-**		**(398,722)**	-		(29,300)
Share capital, end of period		**216,722,706**	**$**	**23,157,026**	88,950,484	$	14,940,681
Warrants							
Balance, beginning of period		**21,031,745**		**-**	2,142,856		-
Warrants exercised	9	**(3,400,000)**		**-**	-		-
Warrants expired	9	**(15,488,889)**		**-**	-		-
Warrants issued	9	**88,727,560**		**-**	18,888,889		-
Warrants, end of period		**90,870,416**		**-**	21,031,745		-
Contributed surplus							
Balance, beginning of period		**-**	**$**	**1,474,236**	-	$	1,474,236
Stock based compensation		**-**		**616,123**	-		-
Exercise of stock options		**-**		**(70,567)**	-		-
Contributed surplus, end of period		**-**	**$**	**2,019,792**	-	$	1,474,236
Deficit							
Deficit, beginning of period		**-**	**$**	**(12,241,987)**	-	$	(12,426,711)
Comprehensive loss for the period		**-**		**(801,070)**	-		(14,119)
Deficit, end of period		**-**		**(13,043,057)**	-		(12,440,830)
Total Shareholders' equity, end of period		**-**	**$**	**12,133,761**	-	$	3,974,087

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

Relentless Resources Ltd.

Condensed Interim Statements of Cash Flows
For the three months ended March 31,
(Unaudited)

	Note		2018		2017
Cash from operating activities:					
Comprehensive loss for the period		$	**(801,070)**	$	(14,119)
Adjustments for:					
Accretion	7		**16,536**		1,629
Stock based compensation	8		**616,123**		-
Depletion and depreciation	5		**102,604**		254,296
Impairment	5		**-**		117,835
Change in non-cash working capital	13		**(2,726,650)**		(877,029)
Cash (used in) operating activities			**(2,792,457)**		(517,388)
Cash from (used in) investing activities:					
Additions to property, plant and equipment	5		**(147,877)**		(272,948)
Change in non-cash working capital	13		**(694,523)**		(497,828)
Cash (used in) investing activities			**(842,400)**		(770,776)
Cash provided by financing activities:					
Proceeds from (repayment of) loans			**(2,272,399)**		317,464
Proceeds from issuance of common shares, net	8		**8,145,778**		970,700
Cash provided by financing activities			**5,873,379**		1,288,164
Change in cash			**2,238,522**		-
Cash, beginning of period			**-**		-
Cash, end of period		$	**2,238,522**	$	-
Interest paid		$	**21,375**	$	18,239

The accompanying notes are an integral part of the Condensed Interim Financial Statements.

1. Reporting entity

Relentless Resources Ltd. ("Relentless" or the "Company") is an Alberta incorporated TSX Venture Exchange listed oil and natural gas exploration and production company whose business activities are focused in Alberta, Canada. The Company has no subsidiaries. The Company's head office address is Suite 320, 700-4th Avenue SW, Calgary, Alberta T2P 3J4.

2. Basis of preparation

(a) Statement of compliance:

These condensed interim financial statements have been prepared by management and reported in Canadian dollars in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim 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 and notes thereto in the Company's December 31, 2017 Annual Report available on SEDAR at www.sedar.com.

These condensed interim financial statements were approved by the Company's Board of Directors on May 23, 2018.

(b) Estimates and judgements:

The timely preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2017.

3. Significant accounting policies

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the financial statements for the year ended December 31, 2017.

Changes in accounting policies

Adoption of IFRS 9, "Financial Instruments"

Effective January 1, 2018, Relentless adopted IFRS 9 Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The retrospective adoption of IFRS 9 did not have a material impact on the Corporation's financial statements. The nature and effects of the key changes to Relentless's accounting policies resulting from the adoption of IFRS 9 are summarized below.

Classification of Financial Assets and Financial Liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

There were no adjustments to the carrying amounts of Relentless's financial instruments as a result of the change in classification from IAS 39 to IFRS 9. Relentless has not designated any financial instruments as FVOCI, nor does the Corporation apply hedge accounting.

Impairment of Financial Assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The application of the new expected credit loss model did not have a material impact on Relentless's financial assets. As at March 31, 2018, 96% of Relentless's receivables were from oil and natural gas marketers which are normally collected by Relentless on the 25th of the month following production and the remaining 4% of receivables were from joint operations partners. As the operator of properties, Relentless has the ability in most instances to withhold production from joint operations partners, in default in amounts owing.

Adoption of IFRS 15, "Revenues from Contracts with Customers"

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB in May of 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations effective for reporting periods beginning on or after January 1, 2018. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring more informative, relevant disclosures. The new standard provides a single, principles-based five-step analysis of transactions to determine the nature of an entity's obligation to perform and whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard only affects contracts with customers and does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

Relentless adopted IFRS 15 effective January 1, 2018. Relentless applied IFRS 15 to all of its contracts with customers using the cumulative effect method. Under this method, prior period financial statements have not been restated. Relentless's management reviewed its revenue streams and major contracts with customers using the IFRS 15 principles-based five-step model and concluded there were no material changes to its net income or in the timing of when production revenue is recognized. As a result, no adjustments were required in the January 1, 2018 opening statement of financial position. The adoption of IFRS 15 does however result in new disclosure requirements contained in note 4 of the financial statements.

4. Financial risk management

The main financial risks affecting the Company are as follows:

(a) Credit Risk:

Credit risk is the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production and the Company could be at risk for up to 55 days of production from any marketer. The Company sells its production to one petroleum marketer and one natural gas marketer so that the exposure to any one entity is minimized. Oil sales make up 89% of the Company's revenue and natural gas makes up the remaining 11% of revenue. The Company historically has not experienced any collection issues with its petroleum and natural gas marketers. Joint arrangement receivables are typically collected within one month of the joint arrangement bill being issued to the partner. The Company attempts to mitigate the risk from joint arrangement receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint arrangement partners; it may cash call a partner in advance of the work being performed. The Company establishes an allowance for doubtful accounts as determined by management based on their assessment of collection.

The maximum exposure to credit risk at the financial position date was equal to the carrying value of accounts receivable. As of March 31, 2018 and 2017, all receivables were current and there were no receivables provided for or written off during the period.

(b) Market Risk:

Market risk consists of commodity price, foreign currency and interest rate risks.

(i) 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 and natural gas are impacted by world economic events that dictate the levels of supply and demand, as well as the relationship between the Canadian and US dollar.

The Company is exposed to the risk of declining prices for production resulting in a corresponding reduction in projected 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. Bank financing available to the Company is in the form of a production loan, which is reviewed quarterly, and which is based on future cash flows and commodity price forecasts. Changes to commodity prices will have an effect on credit available to the Company under its banking agreement.

(ii) Foreign Currency Exchange Risk:

Foreign currency exchange rate risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no forward exchange rate contracts or foreign denominated assets or liabilities in place as at or during the periods ended March 31, 2018 and 2017.

(iii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest.

(c) Fair value measurements:

The carrying value of cash is measured using level 1 inputs, accounts receivable, accounts payable and accrued liabilities included on the statement of financial position approximate their fair values due to the short-term nature of those instruments.

- 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.

5. Property, plant and equipment (PP&E)

		PP&E Assets
Assets		
Balance at December 31, 2016	$	20,575,818
Additions		739,776
Disposals		(154,995)
Change in decommissioning obligations		(237,991)
Balance at December 31, 2017		20,922,608
Additions		147,877
Change in decommissioning obligations		-
Balance at March 31, 2018	$	21,070,485
Depletion, depreciation and impairment		
Balance at December 31, 2016	$	(9,329,533)
Impairment		(117,835)
Depletion and depreciation		(798,297)
Balance at December 31, 2017		(10,245,665)
Depletion and depreciation		(102,604)
Balance at March 31, 2018	$	(10,348,269)
Net book value		
Balance at December 31, 2016	$	11,246,285
Balance December 31, 2017		10,676,943
Balance at March 31, 2018	$	10,722,216

(a) Collateral:

At March 31, 2018, all of the Company's oil and natural gas properties are pledged as collateral for the credit facilty.

(b) Depletion:

At March 31, 2018, estimated future costs to develop the proved plus probable reserves of $7,360,000 (March 31, 2017 - $7,411,000) were added to property, plant and equipment for depletion and depreciation purposes.

(c) Impairments:

At March 31, 2017, the Company evaluated its PP&E assets for impairment and recorded an impairment of $117,835 on the Niton and Gordondale CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows.

6. Demand operating facilities

As at March 31, 2018, the Company had a $3,000,000 demand operating loan facility, subject to the banks' annual review of the Company's petroleum and natural gas properties. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 2.0 percent. The credit facility is secured by a general security agreement and a first ranking charge on all lands of the Company. Under the terms of the facility, the Company is required to maintain a working capital ratio of not less than 1:1. The Company's working capital ratio at March 31, 2018 was 11.2:1.0. As at March 31, 2018 the Company had drawn $nil on this loan facility.

The operating facility will be reviewed by the bank no later than May 31, 2018.

7. Decommissioning obligations

A reconciliation of the decommissioning obligations is provided below:

	Three months ended March 31, 2018	Year ended December 31, 2017
Balance, beginning of period	**$4,001,215**	$4,173,061
Dispositions	**-**	(295,071)
Change in estimate	**-**	57,080
Accretion	**16,536**	66,145
Balance, end of period	**$4,017,751**	$4,001,215

The total undiscounted amount of the estimated cash flows required to settle the decommissioning obligations is approximately $4,286,875 (2017 – $4,402,671) which will be incurred over the next 30 years (2017 – 30 years) with the majority of costs to be incurred between 2020 and 2042. An average risk-free rate of 1.63% (2017 – 1.28%) and an inflation rate of 2.00% (2017 – 2.00%) were used to calculate the net present value of the decommissioning obligations. Accretion expense is included in finance expense on the statement of comprehensive loss.

8. Share capital

(a) Authorized

The authorized share capital of the Company is comprised of an unlimited number of voting common shares and preferred shares.

The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share. All common shares are of the same class with equal rights and privileges.

(b) Issued

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**88,950,484**	**$14,940,681**	70,061,595	$13,969,981
Issuance of common shares	**122,222,222**	**8,250,000**	18,888,889	1,000,000
Exercise of warrants	**3,400,000**	**187,000**	-	-
Exercise of stock options	**2,150,000**	**107,500**	-	-
Exercise of stock options	**-**	**70,567**	-	-
Share issuance costs	**-**	**(398,722)**	-	(29,300)
Balance, end of period	**216,722,706**	**$23,157,026**	88,950,484	$14,940,681

On January 10, 2017, Relentless completed two private placements.

In connection with the first private placement, the Company issued 10 million units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant gives the holder the option, exercisable for a period of one year, to purchase one common share for $0.055 per common share.

In connection with the second private placement, the Company issued 8,888,889 units at a price of $0.05625 per unit for gross proceeds of $500,000. Each warrant issued under the second private placement gives the holder the option, exercisable for a period of one year, to purchase one common share for $0.075 per common share.

On January 10, 2018, 3,400,000 warrants were exercised at $0.055 per share for total proceeds of $187,000.

On March 12, 2018, 2,150,000 options were exercised at a price of $0.05 per share for total proceeds of $107,500.

On March 21, 2018 Relentless closed a private placement. The Company issued 122,222,222 million units at a price of $0.0675 per unit for gross proceeds of $8,250,000. Each unit comprises one common share of the company and, in the case of subscriptions by the board of directors, officers, other insiders of the company, together with additional subscribers identified by the insider group, one common share purchase warrant and, in the case of all other subscribers, one-half of one warrant.

Each whole warrant will entitle the holder to purchase one common share at a price of $0.10 for a period of five years. The warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding $0.12, an additional one-third upon the market price equaling or exceeding $0.16 and a final one-third upon the market price equaling or exceeding $0.20.

9. Warrants

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Warrants	**Amount**	Warrants	Amount
Balance, beginning of period	**21,031,745**	**-**	2,142,856	-
Warrants exercised	**(3,400,000)**	**-**	-	-
Warrants expired	**(15,488,889)**	**-**	-	-
Warrants issued	**88,727,560**	**-**	18,888,889	-
Balance, end of period	**90,870,416**	**-**	21,031,745	-

On January 10, 2018, 3,400,000 warrants were exercised at $0.055 per share for total proceeds of $187,000.

On January 10, 2018, 15,488,889 warrants expired.

On March 21, 2018 88,727,560 warrants were issued in conjunction with the private placement.

As at March 31, 2018, 90,870,416 warrants (December 31, 2017 – 21,031,745) were outstanding.

10. Share based compensation

Stock options

The Company has a stock option plan (the “Plan”) for its officers, directors, employees and consultants. Under the Plan, the Company may grant options for up to 10% of the outstanding common shares. The options have a five year term and vest immediately. The exercise price of each option granted generally equals the market price of the Company’s stock immediately preceding the date of grant. The polices of the TSXV require “rolling” stock option plans to be approved on an annual basis by the shareholders of a listed issuer. The number and weighted average exercise prices of share options for the three months ended March 31, 2017 and 2018 are as follows:

	Three months ended March 31, 2018		Three months ended March 31, 2017	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding, beginning of period	**-**	**-**	-	-
Issued	**10,400,000**	**0.08**	-	-
Exercised	**2,150,000**	**0.05**	-	-
Outstanding and exercisable, end of period	**8,250,000**	**0.09**	-	-

On January 4, 2018, the Company issued a total of 8,400,000 incentive stock options, granted under the company's stock option plan to certain officers and directors of the company. The options have a five-year term. The options vest immediately and are exercisable at a price of five cents per common share. Share based compensation expense of $275,704 was recorded.

On March 12, 2018, 2,150,000 options were exercised at a price of $0.05 per share for total proceeds of $107,500.

On March 21, 2018, pursuant to the terms and conditions of its stock option plan, the Company granted 2,000,000 stock options to a director of the Company. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the company. The options vest immediately and are exercisable at a price of $0.21 per common share. Share based compensation expense of $320,420 was recorded.

11. Contributed surplus

	Three months ended March 31, 2018	Year ended December 31, 2017
Balance, beginning of period	**$1,474,236**	$1,474,236
Stock based compensation	**616,123**	-
Exercise of stock options	**(70,567)**	-
Balance, end of period	**$2,019,792**	$1,474,236

12. Loss per share

	Three months ended March 31, 2018	Three months ended March 31, 2017
Net and comprehensive loss for the period	**($801,070)**	($14,119)
Net and comprehensive loss per share, basic and diluted	**($0.01)**	($0.00)
Weighted average shares outstanding	**104,066,420**	87,061,595

13. Supplemental cash flow information

	Three months ended March 31, 2018	Three months ended March 31, 2017
Change in non-cash working capital items:		
Accounts receivable	**($3,540,297)**	$55,645
Prepaid expenses and deposits	**(141,085)**	(39,762)
Accounts payable and accrued liabilities	**260,209**	(1,390,740)
	($3,421,173)	($1,374,857)

Amount related to operating activities	**($2,726,650)**	($877,029)
Amount related to investing activities	**(694,523)**	(497,828)
	($3,421,173)	($1,374,857)

14. Revenue by product

	Three months ended March 31, 2018	Three months ended March 31, 2017
Oil and NGL revenue	**$512,648**	$735,120
Natural gas revenue	**65,891**	190,767
Total revenue	**$578,539**	$925,887

15. Subsequent events

On April 10, 2018, 3,100,000 options were exercised at a price of $0.05 per share for total proceeds of $155,000.

On April 11, 2018, pursuant to the terms and conditions of its stock option plan, the Company granted 9,750,000 stock options to directors and officers of the Company. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the company. The options vest immediately and are exercisable at a price of $0.1425 per common share.

On April 20, 2018, 700,000 options were exercised at a price of $0.05 per share for total proceeds of $35,000.

In April, 2018 the Company collected $3,622,419 in share subscriptions related to the March, 2018 private placement.