Interim Condensed Financial Statements of

Canadian Spirit Resources Inc.

(unaudited)

June 30, 2017

NOTICE: The interim condensed financial statements and notes thereto for the three and six month periods ended June 30, 2017 have not been reviewed by the Corporation's external auditors.

Canadian Spirit Resources Inc.

STATEMENTS OF FINANCIAL POSITION

	As at June 30, 2017 *(unaudited)*	As at December 31, 2016 *(audited)*
Assets		
Non-current assets:		
Exploration and evaluation assets (note 5)	$ 33,319,282	$ 32,989,956
Property, plant and equipment (note 6)	5,736,095	6,014,730
Restricted deposits (note 7)	1,668,220	1,668,220
Royalty credits (note 4)	3,412,239	3,417,218
	44,135,836	44,090,124
Current assets:		
Cash and cash equivalents	779,297	1,347,289
Accounts receivable and other accrued receivables	79,374	107,287
Prepaid expenses and other deposits	99,551	103,150
Royalty credits (note 4)	21,375	24,690
	979,597	1,582,416
	$ 45,115,433	$ 45,672,540
Liabilities and Shareholders' Capital		
Non-current liabilities:		
Decommissioning liability (note 8)	$ 2,244,158	$ 2,268,193
Current liabilities:		
Accounts payable and other accrued liabilities	247,916	426,509
Shareholders' capital:		
Common shares (note 9)	114,617,512	114,276,295
Share purchase warrants (note 9)	40,497	256,464
Contributed surplus (note 11)	9,143,879	8,975,339
Deficit	(81,178,529)	(80,530,260)
	42,623,359	42,977,838
	$ 45,115,433	$ 45,672,540

Corporate information, basis of presentation and going concern (note 1)
Commitments (note 14)

ON BEHALF OF THE BOARD:

(signed) "Donald R. Gardner"
Director

(signed) "Alfred B. Sorensen"
Director

Canadian Spirit Resources Inc.

STATEMENTS OF CHANGES IN SHAREHOLDERS' CAPITAL
(unaudited)

	Common Shares (note 9)	Share Purchase Warrants (note 9)	Contributed Surplus (note 11)	Deficit	Total
As at January 1, 2017	$ 114,276,295	$ 256,464	$ 8,975,339	$ (80,530,260)	$ 42,977,838
Equity issues:					
Exercise of share purchase warrants	270,000	-	-	-	270,000
Share issue costs	(9,783)	9,783	-	-	-
Transfers:					
Exercise of share purchase warrants	81,000	(81,000)	-	-	-
Share purchase warrants expired	-	(144,750)	144,750	-	-
Net loss and comprehensive loss	-	-	-	(648,269)	(648,269)
Share-based compensation, gross	-	-	23,790	-	23,790
As at June 30, 2017	$ 114,617,512	$ 40,497	$ 9,143,879	$ (81,178,529)	$ 42,623,359
As at January 1, 2016	$ 112,553,010	$ 255,500	$ 8,538,797	$ (50,461,163)	$ 70,886,144
Equity issues:					
Private placements	1,364,250	225,750	-	-	1,590,000
Share issue costs	(55,439)	(9,783)	-	-	(65,222)
Transfers:					
Share purchase warrants expired	-	(255,500)	255,500	-	-
Net loss and comprehensive loss	-	-	-	(824,042)	(824,042)
Share-based compensation, gross	-	-	140,709	-	140,709
Recovery of forfeited options	-	-	(756)	-	(756)
As at June 30, 2016	$ 113,861,821	$ 215,967	$ 8,934,250	$ (51,285,205)	$ 71,726,833

Canadian Spirit Resources Inc.

STATEMENTS OF OPERATIONS
(unaudited)

	For the three month periods ended June 30, 2017	For the three month periods ended June 30, 2016	For the six month periods ended June 30, 2017	For the six month periods ended June 30, 2016
Revenue				
Petroleum and natural gas sales	$ 132,245	$ -	$ 296,347	$ 83,978
Royalties expense (note 4)	(1,767)	-	(8,294)	(532)
	130,478	-	288,053	83,446
Interest and other income	5,162	4,609	6,008	6,787
Expenses				
Operating costs	95,036	80,073	170,908	183,855
Exploration and evaluation (note 5)	-	255,500	-	255,500
Depletion and depreciation (note 6)	137,570	68,825	288,022	205,562
Finance costs, accretion (note 8)	11,852	8,620	24,497	72,183
General and administrative, net	230,556	247,819	442,130	472,769
Share-based compensation, net (note 10)	8,387	26,065	16,773	99,406
Flow-through shares premium	-	-	-	(375,000)
	483,401	686,902	942,330	914,275
Net loss and comprehensive loss	$ (347,761)	$ (682,293)	$ (648,269)	$ (824,042)
Basic loss per share (note 12)	*$ (0.00)*	*$ (0.01)*	*$ (0.00)*	*$ (0.01)*
Diluted loss per share (note 12)	*$ (0.00)*	*$ (0.01)*	*$ (0.00)*	*$ (0.01)*

Corporate information, basis of presentation and going concern (note 1)
Commitments (note 14)

Canadian Spirit Resources Inc.

STATEMENTS OF CASH FLOWS
(unaudited)

	For the three month periods ended June 30,		For the six month periods ended June 30,	
	2017	**2016**	**2017**	**2016**
Cash Flows from (used in) Operating Activities:				
Net loss and comprehensive loss	$ (347,761)	$ (682,293)	$ (648,269)	$ (824,042)
Add (deduct) items not affecting cash:				
Royalty credits applied (note 4)	1,767	-	8,294	532
Flow-through shares premium	-	-	-	(375,000)
Depletion and depreciation (note 6)	137,570	68,825	288,022	205,562
Finance costs, accretion (note 8)	11,852	8,620	24,497	72,183
Exploration and evaluation expense (note 5)	-	255,500	-	255,500
Share-based compensation, net (note 10)	8,387	26,065	16,773	99,406
Funds flow from operations	(188,185)	(323,283)	(310,683)	(565,859)
Changes in non-cash working capital (note 13)	(8,266)	159,607	10,688	(5,136)
	(196,451)	(163,676)	(299,995)	(570,995)
Cash Flows from (used in) Financing Activities:				
Common shares issued for cash	-	640,000	-	1,605,000
Exercise of share purchase warrants (note 9)	270,000	-	270,000	-
Share issue costs	-	(27,046)	-	(65,222)
	270,000	612,954	270,000	1,539,778
Cash Flows from (used in) Investing Activities:				
Exploration and evaluation expenditures (note 5)	(281,622)	(372,992)	(329,326)	(3,352,455)
Net expenditures on property, plant and equipment (note 6)				
Development costs of petroleum and natural gas assets	(4,261)	(11,337)	(2,866)	(133,373)
Facilities and equipment	(8,063)	(6,675)	(6,521)	(1,426)
Net additions to capital assets	(293,946)	(391,004)	(338,713)	(3,487,254)
Add (deduct) items not affecting cash:				
Revisions to decommissioning liability (notes 5, 6, 8)	125,284	123,151	(48,532)	177,726
Decommissioning liabilities incurred (note 8)	-	83	-	38,283
Capitalized share-based compensation (notes 5, 6)	3,508	13,479	7,017	40,547
Gross additions to capital assets	(165,154)	(254,291)	(380,228)	(3,230,698)
Changes in non-cash working capital (note 13)	33,499	(1,259,432)	(157,769)	123,782
	(131,655)	(1,513,723)	(537,997)	(3,106,916)
Change in cash and cash equivalents	(58,106)	(1,064,445)	(567,992)	(2,138,133)
Cash and cash equivalents, beginning of period	837,403	2,408,661	1,347,289	3,482,349
Cash and cash equivalents, end of period	$ 779,297	$ 1,344,216	$ 779,297	$ 1,344,216
Cash taxes paid	*$* -	*$* -	*$* -	*$* -
Cash interest paid	*$* -	*$* -	*$* -	*$* -

1. CORPORATE INFORMATION, BASIS OF PRESENTATION AND GOING CONCERN

Corporate Information

Canadian Spirit Resources Inc. ("CSRI" or the "Corporation") is a natural resources company whose shares are listed under the trading symbol 'SPI' on the TSX Venture Exchange (the "Exchange"). The Corporation's principal activity is exploring for and developing the productive capability of the Montney Formation natural gas and natural gas liquids resource play in the Farrell Creek/Altares area of northeastern British Columbia. The Corporation is continued under the laws of the province of Alberta and its head office is located at Suite 1520, First Alberta Place, 777 8th Avenue S.W., Calgary, Alberta, Canada T2P 3R5.

Basis of Presentation

The unaudited interim condensed financial statements and the notes hereto have been prepared as at, and for the three and six month periods ended, June 30, 2017. All amounts are presented in Canadian dollars. The Corporation has consistently applied the same accounting policies throughout the three and six month periods ended June 30, 2017 as those set out in the annual audited financial statements for the year ended December 31, 2016. Certain disclosures included in the notes to the December 31, 2016 annual audited financial statements have been condensed in the note disclosures hereto or have been disclosed only on an annual basis. Accordingly, these unaudited interim condensed financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Statement of Compliance

The interim condensed financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, including IAS 34: *Interim Financial Reporting*. The accounting policies applied in these unaudited interim condensed financial statements are based on IFRS issued and outstanding as at August 22, 2017, the date of Board of Directors approval.

Basis of Measurement

The interim condensed financial statements have been prepared on a going concern basis using the historical cost convention.

Going Concern

These interim condensed financial statements have been prepared using IFRS as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. For the six months ended June 30, 2017 the Corporation has reported a net loss and comprehensive loss of $0.6 million (2016: $0.8 million) and an accumulated deficit of $81.2 million as at that date (December 31, 2016: $80.5 million). In addition to covering on-going working capital requirements and recurring negative cash flows from operating activities, the Corporation will need to secure additional funding for any future exploration and development programs. In conjunction with recent energy price fluctuations, the current natural gas market continues to experience low commodity prices due to excess supply and lack of additional international markets to sell into. These circumstances result in material uncertainties that may cast significant doubt upon the Corporation's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, the Corporation has raised a total of $4.9 million of equity via various non-brokered private placements and the exercise of share purchase warrants from December 2015 to June 2017. Management has also undertaken steps to reduce operating costs and general and administrative expenses, including but not limited to field operational efficiencies, renegotiation of its office lease terms, and reductions in staffing levels/remuneration.

These undertakings, while significant, are not sufficient in and of themselves to enable the Corporation to fund all aspects of its forecasted operations and any future exploration and development program, and accordingly, management will need to pursue other financing alternatives to fund the Corporation so that it may continue as a going concern. The necessary financing may be secured through further exercises of existing warrants for the purchase of common shares, issuance of new equity or debt instruments, or entering into new joint venture or farm-in arrangements. Nevertheless, there is no assurance that such initiatives would be successful.

CSRI's ability to continue as a going concern is dependent upon its ability to fund any future exploration and development programs as well as generate positive cash flows from operating activities. These interim condensed financial statements do not reflect any adjustments to the carrying values and classifications of assets and liabilities, or to the reported revenues and expenses that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations; such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements have been prepared following the same accounting policies as disclosed in the Corporation's annual audited financial statements for the year ended December 31, 2016. In addition, as of January 1, 2017, the Corporation adopted those IFRS standards disclosed therein that became effective for annual periods commencing on or after January 1, 2017. The adoption of those standards had no impact on the amounts recorded in the interim condensed financial statements for the three and six months ended June 30, 2017 or on the comparative prior periods. For the purposes of calculating deferred income taxes during interim periods, the Corporation utilizes estimated annualized statutory income tax rates.

3. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, accounts receivable and other accrued receivables, and accounts payable and other accrued liabilities approximate their carrying values due to the short-term maturity of those instruments. The fair value of the restricted deposits balance approximates its carrying value as the deposits are considered by management to be low risk since they are held by an agency of the British Columbia provincial government (see note 7).

4. ROYALTY CREDITS

During the three and six months ended June 30, 2017, the Corporation applied $1,767 and $8,294, respectively, (2016: $Nil and $532, respectively) of royalty credits against crown royalties that would otherwise have been payable. A summary of the royalty credits applied by, as well as available to, the Corporation is as follows:

	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance, beginning of period	$ 3,441,908	$ 3,445,758
Royalty credits applied	(8,294)	(3,850)
Balance, end of period	$ 3,433,614	$ 3,441,908
Non-current portion	$ 3,412,239	$ 3,417,218
Current portion	$ 21,375	$ 24,690

5. EXPLORATION AND EVALUATION ASSETS

	Petroleum and Natural Gas Properties	Facilities and Equipment	Total
As at January 1, 2017	$ 31,092,095	$ 1,897,861	$ 32,989,956
Gross additions	343,671	33,204	376,875
Change in decommissioning liability	(61,563)	6,997	(54,566)
Capitalized share-based compensation	6,947	70	7,017
Net additions	289,055	40,271	329,326
As at June 30, 2017	$ 31,381,150	$ 1,938,132	$ 33,319,282
As at January 1, 2016	$ 56,581,781	$ 1,907,920	$ 58,489,701
Gross additions	3,840,197	20,955	3,861,152
Transfers to property, plant and equipment	(105,000)	-	(105,000)
Change in decommissioning liability	131,220	(31,548)	99,672
Capitalized share-based compensation	52,681	534	53,215
Net additions	3,919,098	(10,059)	3,909,039
Exploration and evaluation expense	(255,500)	-	(255,500)
Impairment of natural gas costs	(29,153,284)	-	(29,153,284)
As at December 31, 2016	$ 31,092,095	$ 1,897,861	$ 32,989,956

Exploration and Evaluation ("E&E") assets comprise the Corporation's exploration and evaluation projects which are pending the determination of commercial viability and technical feasibility. Exploration and evaluation expense relates to the derecognition of the historical cost of land lease expiries of exploration rights that occurred during the period. The Corporation has determined that the expiry of such land leases eliminates future economic benefits on those E&E assets, and are therefore expensed in the statement of operations.

The Corporation performed impairment tests as at December 31, 2016 to assess the recoverable value of E&E assets of both the Corporation's Farrell Creek Montney Formation project and the Farrell Creek Gething Formation project. Estimates of fair value less costs of disposal for the Montney E&E assets were determined in part using merger and acquisition metrics, prevailing land tender prices in the Farrell Creek area, as well as resource and reserve values as at December 31, 2016 prepared by independent reservoir engineering consultants. Based on these and other factors, the estimated recoverable amount of the Montney E&E assets was calculated to be greater than the carrying value and as such there was no impairment. However, the estimated recoverable amount of the Gething E&E assets, determined in part by project status as well as feasible future development opportunities available, was found to be impaired as compared to the carrying value. As such, an impairment of natural gas costs for the Gething E&E assets of $29.1 million was recorded in the statement of operations as at December 31, 2016. The Corporation determined that there were no further indicators of impairment of E&E assets as at June 30, 2017.

6. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and Natural Gas Properties	Facilities and Equipment	Office Equipment and Fixtures	Total
Cost				
As at January 1, 2017	$ 17,220,930	$ 8,852,616	$ 226,860	$ 26,300,406
Gross additions	-	3,353	-	3,353
Change in decommissioning liability	2,866	3,168	-	6,034
Capitalized share-based compensation	-	-	-	-
Net additions	2,866	6,521	-	9,387
As at June 30, 2017	17,223,796	8,859,137	226,860	26,309,793
Accumulated depletion, depreciation and impairment				
As at January 1, 2017	15,966,415	4,095,644	223,617	20,285,676
Charge for the year				
Depletion and depreciation	121,644	165,163	1,215	288,022
As at June 30, 2017	16,088,059	4,260,807	224,832	20,573,698
Carrying amount as at June 30, 2017	$ 1,135,737	$ 4,598,330	$ 2,028	$ 5,736,095
Cost				
As at January 1, 2016	$ 17,197,325	$ 8,840,287	$ 226,860	$ 26,264,472
Gross additions	2,770	31,687	-	34,457
Transfers from exploration and evaluation assets	105,000	-	-	105,000
Change in decommissioning liability	(84,353)	(19,359)	-	(103,712)
Capitalized share-based compensation	188	1	-	189
Net additions	23,605	12,329	-	35,934
As at December 31, 2016	17,220,930	8,852,616	226,860	26,300,406
Accumulated depletion, depreciation and impairment				
As at January 1, 2016	15,807,507	3,790,481	219,862	19,817,850
Charge for the year				
Depletion and depreciation	158,908	305,163	3,755	467,826
As at December 31, 2016	15,966,415	4,095,644	223,617	20,285,676
Carrying amount as at December 31, 2016	$ 1,254,515	$ 4,756,972	$ 3,243	$ 6,014,730

During the three and six months ended June 30, 2017, the Corporation capitalized within the additions category a total of $69,338 and $142,134, respectively, (2016: $67,542 and $140,594, respectively) of general and administrative costs within both E&E assets (see note 5) and property, plant and equipment directly related to the respective exploration and development activities. During the three and six months ended June 30, 2017, the Corporation also capitalized $3,508 and $7,017, respectively, (2016: $13,479 and $40,547, respectively) of share-based compensation for those employees of the Corporation directly involved in exploration and development activities. Included in the calculation of depletion for the three and six months ended June 30, 2017 of $65,850 and $144,638, respectively, (2016: $Nil and $66,587, respectively) are future development costs of $10.6 million (2016: $10.7 million).

The Williston Reservoir Water Pipeline (included within the facilities and equipment category) licence term expires on December 31, 2031. The Corporation has recorded depreciation for the three and six months ended June 30, 2017 of $71,113 and $142,169, respectively (2016: $68,218 and $136,435, respectively).

7. RESTRICTED DEPOSITS

For operations in British Columbia, the Corporation is required to provide deposits towards future abandonment and reclamation costs based on the number of wells and facilities for which the Corporation is the primary permit holder. Based on a Liability Management Rating ("LMR") review performed by the British Columbia Oil and Gas Commission ("BCOGC") in 2011, the Corporation was assessed an initial LMR amount of $1,235,829. Up to June 30, 2017, CSRI has been assessed by the BCOGC additional cash deposit LMR amounts totaling $432,391, bringing the total LMR amount to $1,668,220. The total assessed LMR amount of $1,668,220 as at June 30, 2017 is secured by cash deposits. Since these cash deposits are held against future abandonment and reclamation liabilities, the balance is therefore considered by management to be restricted in its use and is classified as a non-current asset.

8. DECOMMISSIONING LIABILITY

	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance, beginning of period	$ 2,268,193	$ 2,183,706
Liabilities incurred	-	38,283
Revisions to estimated future obligation	(48,532)	(42,323)
Accretion	24,497	88,527
Balance, end of period	$ 2,244,158	$ 2,268,193

The total future decommissioning liability, including costs to reclaim and abandon wells and facilities plus the years in which such costs are expected to be incurred, is estimated by management. As at June 30, 2017, the estimated total undiscounted future liability of $3,263,837 (December 31, 2016: $3,157,588) had a net present value of $2,244,158 (December 31, 2016: $2,268,193) assuming expected decommissioning payments are to be made over the next 4.5 to 24.5 years, using an estimated risk-free nominal interest rate of 2.06% (December 31, 2016: 2.23%) and an inflation rate of 1.75% (December 31, 2016: 1.75%). The total balance of the decommissioning liability is determined to be non-current.

Liabilities incurred relate to new wells drilled or fracture stimulated during the respective periods. The revisions to the estimated future obligation are due to increases or decreases in the estimated risk-free nominal interest rate and changes in the abandonment and reclamation assumptions by well. Financing costs for the three and six months ended June 30, 2017 of $11,852 and $24,497, respectively, (2016: $8,620 and $72,183, respectively) relate to the accretion of the decommissioning liability.

9. SHAREHOLDERS' CAPITAL

Common Shares

The Corporation has authorized share capital of an unlimited number of common shares with no par value. As at June 30, 2017 there were 159,458,860 common shares outstanding (at a carrying amount of $114,617,512) as follows:

	For the six months ended June 30, 2017		For the year ended December 31, 2016	
	Number of Shares	Amount of Shares	Number of Shares	Amount of Shares
Balance, beginning of period	156,758,860	$ 114,276,295	141,367,192	$ 112,553,010
Common shares issued:				
Via private placements	-	-	15,391,668	1,822,584
Exercise of share purchase warrants	2,700,000	270,000	-	-
Credit from share purchase warrants	-	81,000	-	-
Share issue costs	-	(9,783)	-	(99,299)
Balance, end of period	159,458,860	$ 114,617,512	156,758,860	$ 114,276,295

Share Purchase Warrants

In conjunction with previous unit equity financings, the Corporation has issued share purchase warrants with a term of one year to acquire common shares at specific exercise prices.

Per the two tables below, as at June 30, 2017, there were 2,083,334 share purchase warrants outstanding:

	For the six months ended June 30, 2017		For the year ended December 31, 2016	
	Number of Warrants	Amount of Warrants	Number of Warrants	Amount of Warrants
Balance, beginning of period	7,195,834	$ 256,464	2,555,000	$ 255,500
Issued via private placements	-	-	7,195,834	267,416
Exercised prior to expiry	(2,700,000)	(81,000)	-	-
Expired unexercised	(2,412,500)	(144,750)	(2,555,000)	(255,500)
Share issue costs	-	9,783	-	(10,952)
Balance, end of period	2,083,334	$ 40,497	7,195,834	$ 256,464

Issue Date	Weighted Average Exercise Price	Number of Warrants Outstanding as at June 30, 2017	Weighted Average Fair Value (rounded)	Weighted Average Fair Value as at June 30, 2017	Expiry Date
June 27, 2016	$0.10	-	$0.03	-	June 27, 2017 (1)
December 21, 2016	$0.12	2,083,334	$0.02	$41,666	December 21, 2017
Share issue costs				($1,169)	
	$0.12	2,083,334	$0.02	$40,497	

Note:
(1) Between June 7, 2017 and June 27, 2017, all 2,700,000 of the June 27, 2016 warrants were exercised by holders resulting in gross proceeds to the Corporation of $270,000.

10. SHARE-BASED COMPENSATION PLANS

The Corporation has a 10% rolling stock option plan for directors, executive officers, employees and consultants which provides for the granting of options to acquire common shares. Under the terms of the plan, options vest over periods as determined by the Board of Directors of the Corporation and expire to a maximum of five years. The number of common shares available for grant of additional options under the plan as at June 30, 2017 was 8,882,886 (December 31, 2016: 7,912,886).

As at June 30, 2017, options to acquire 7,063,000 (December 31, 2016: 7,763,000) common shares were outstanding of which 6,113,000 (December 31, 2016: 6,463,000) had vested and 950,000 (December 31, 2016: 1,300,000) remained unvested, as follows:

	For the six months ended June 30, 2017		For the year ended December 31, 2016	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding, beginning of period	7,763,000	$ 0.34	6,430,000	$ 0.43
Granted	-	-	1,600,000	0.20
Forfeited	-	-	(25,000)	0.24
Expired	(700,000)	0.75	(242,000)	1.70
Outstanding, end of period	7,063,000	$ 0.30	7,763,000	$ 0.34
Options vested, end of period	6,113,000	$ 0.28	6,463,000	$ 0.34

The following table summarizes the information about stock options outstanding and vested as at June 30, 2017:

	Options Outstanding			Options Exercisable		
Range of Exercise Price	**Number of Options Outstanding**	**Remaining Contractual Life (in Yrs)**	**Weighted Average Exercise Price**	**Number of Vested Options**	**Remaining Vested Contractual Life (in Yrs)**	**Weighted Average Exercise Price**
$0.20 - $0.39	5,718,000	2.06	$ 0.25	5,368,000	1.96	$ 0.26
$0.40 - $0.60	1,345,000	0.61	0.50	745,000	1.03	0.50
	7,063,000	1.78	$ 0.30	6,113,000	1.85	$ 0.28

Options granted are accounted for using the fair value method. During the three and six months ended June 30, 2017 there were options granted to purchase Nil and Nil, respectively, common shares (2016: Nil and 1,600,000, respectively). Prior to capitalization of $3,508 and $7,017, respectively, (2016: $13,479 and $40,547, respectively) the total compensation cost for share-based compensation during the three and six months ended June 30, 2017 was $11,895 and $23,790, respectively (2016: $39,544 and $139,953, respectively).

11. CONTRIBUTED SURPLUS

	For the six months ended June 30, 2017	For the year ended December 31, 2016
Balance, beginning of period	$ 8,975,339	$ 8,538,797
Share-based compensation, gross	23,790	181,798
Recovery of forfeited options	-	(756)
Share purchase warrants expired unexercised	144,750	255,500
Balance, end of period	$ 9,143,879	$ 8,975,339

12. PER SHARE AMOUNTS

The basic and diluted weighted average number of common shares outstanding used in the per share calculations are reconciled as follows:

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Weighted average number of common shares - basic	157,063,280	146,069,390
Dilutive effect of share-based compensation / share purchase warrants	908,680	10,796,728
Weighted average number of common shares - diluted	157,971,960	156,866,118

For the three and six months ended June 30, 2017 and 2016, the existence of stock options and share purchase warrants affects the calculation of loss per share on a diluted basis. As the effect of this dilution is to reduce the reported loss per share, diluted loss per share equals basic loss per share.

13. CHANGES IN NON-CASH WORKING CAPITAL

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Cash provided by (used for) operating activities:		
Accounts receivable and other accrued receivables	$ 27,913	$ 19,381
Prepaid expenses and other deposits	3,599	1,986
Accounts payable and other accrued liabilities	(20,824)	(26,503)
	10,688	(5,136)
Cash provided by (used for) investing activities:		
Accounts payable and other accrued liabilities	(157,769)	123,782
	$ (147,081)	$ 118,646

14. COMMITMENTS

Capital Commitments

The Corporation had no capital commitments as at June 30, 2017 or at December 31, 2016.

Office Lease Arrangements

The Corporation's office sub-lease agreement (that originally terminated on May 31, 2016) was extended to September 30, 2017 during a prior period. The amended sub-lease requires the Corporation to pay base annual rent of $11.00 per square foot (formerly $19.00 per square foot) plus operating costs on 3,420 square feet until September 30, 2017. In June 2017, the sub-lease agreement was amended a second time on a month-to-month term basis beyond September 30, 2017 at a base annual rent of $Nil per square foot plus operating costs.

Operating lease payments represent monthly rent payables for the Corporation's head office location. The table below shows the year-to-date expense recorded:

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Minimum lease payments	$ 48,411	$ 47,322

Future Minimum Lease Payments

The following is a summary of the estimated costs required to fulfill the Corporation's remaining operating lease contractual commitments:

	As at June 30, 2017	As at December 31, 2016
Payable within 12 months	$ 21,760	$ 65,279
Payable from 1 to 4 years subsequent	$ -	$ -
Thereafter	$ -	$ -