Gelum Capital Ltd.

Condensed Interim Financial Statements

For the six months ended

October 31, 2019

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Gelum Capital Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

December 16, 2019

Gelum Capital Ltd.

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

As at October 31,2019 and April 30, 2019

	Note	**October 31, 2019 $**	April 30, 2019 $
Assets			
Current assets			
Cash and cash equivalents	3	39,224	84,174
Receivable	4	5,895	3,307
Total assets		**45,119**	87,481
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		54,737	44,611
Accounts payable to related parties	8	428,299	436,657
		483,036	481,268
Non-current liabilities			
Convertible note	5,8	194,850	173,962
Total liabilities		**677,886**	655,230
Shareholders' deficit			
Share capital	6	7,245,232	7,245,232
Shares to be issued	8	29,200	29,200
Reserves	8	5,588,580	5,588,580
Equity portion of convertible note	5	75,459	75,459
Deficit		(13,571,218)	(13,506,220)
Total shareholders' deficit		**(632,747)**	(567,749)
Total liabilities and shareholders' deficit		**45,139**	87,481
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors on December 16, 2019:

"Robert Kopple" **Director** *"Hendrik Van Alphen"* **Director**

Gelum Capital Ltd.

Condensed Interim Statements of Changes in Shareholders' Deficit

Unaudited – Prepared by Management

For the six months ended October 31,2019 and October 31,2018

	Number of shares #	Share capital $	Shares to be issued $	Reserves $	Equity portion of convertible Debt $	Deficit $	Total shareholders' deficit $
May 1, 2018	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,504,727)	(566,256)
Income and comprehensive income for the period	-	-	-	-	-	91,570	91,570
October 31, 2018	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,413,157)	(474,686)
May 1, 2019	4,727,433	7,245,232	29,200	5,588,580	75,459	(13,506,220)	(567,749)
Loss and comprehensive loss for the period	-	-	-	-	-	(64,998)	(64,998)
October 31, 2019	**4,727,433**	**7,245,232**	**29,200**	**5,588,580**	**75,459**	**(13,571,218)**	**(632,747)**

Gelum Capital Ltd.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (loss)

Unaudited – Prepared by Management

For the three and six months ended October 31,

		Three months ended		Six months ended	
		October 31, 2019	October 31, 2018	**October 31, 2019**	October 31, 2018
	Note	**$**	$	**$**	$
Expenses					
General and administrative expenses	8	23,256	13,751	41,971	23,280
Business development		415	-	600	2,069
Loss from operating expenses		**(23,671)**	(13,751)	**(42,571)**	(25,349)
Gain (loss) on foreign exchange		(70)	480	(1,539)	(889)
Interest expense		(5,041)	-	(10,082)	-
Acretion expense		(5,558)	(4,236)	(10,806)	(8,196)
Recorvery of loan receivable		-	-	-	126,004
Income (loss) and comprehensive income (loss) for the period		**(34,340)**	**(17,507)**	**(64,998)**	**91,570**
Loss per share					
Weighted average number of common shares outstanding					
- Basic #	7	**7,602,883**	7,602,883	**7,602,883**	7,602,883
- Diluted #	7	**7,602,883**	7,602,883	**7,602,883**	7,602,883
Basic loss per share $	7	**(0.00)**	(0.00)	**(0.01)**	0.01
Diluted loss per share $	7	**(0.00)**	(0.00)	**(0.01)**	0.01

Gelum Capital Ltd.

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

For the six months ended October 31,2019 and October 31,2018

	Note	**2019** $	2018 $
Operating activities			
Income (loss) and comprehensive income (loss) for the period		(64,998)	91,570
Adjustments for:			
Accretion expense		10,806	8,196
Accrued interest on convertible loan		10,082	-
Recovery of loan receivable		-	(126,004)
Net change in non-cash working capital items	9	(820)	(1,959)
		(44,930)	(28,197)
Financing activities			
Recovery of loan to subsidiary		-	151,004
		-	151,004
Decrease in cash and cash equivalents		**(44,930)**	122,807
Cash and cash equivalents, beginning of period		**84,174**	1,438
Cash and cash equivalents, end of period		**39,244**	124,245
Supplemental cash flow information	9		

1. Nature of operations and going concern

Gelum Capital Ltd. (the "Company") was incorporated under the laws of the province of British Columbia on 8 June 1987. The principal address and registered and records office is located at Suite, 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5. The Company trades under the symbol "JEM" on the Canadian Securities Exchange ("CSE")

The Company's principal business is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business.

Effective July 30, 2018, the Company's name was changed from Jagercor Energy Corp. to Gelum Capital Ltd. and the Company consolidated its common shares on a 20:1 basis. All references to the number of common shares and per share amounts have been retroactively restated to reflect this common share consolidation.

On August 22, 2017, the Company initiated the process of the acquisition of Energia Compañía Petrolera Sociedad Anónima ('ECP'), an upstream oil and gas Argentinean Operator in Neuquén Basin; through its subsidiary in Argentina, Jager Energia Argentina SA and acquired a 95% interest in ECP. On April 27, 2018, the Company divested its shares of Jager Energia Argentina SA and terminated the acquisition transaction of ECP.

The Company's condensed interim financial statements for the six month period ended October 31, 2019 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has a comprehensive loss of $64,998 for the six month period ended October 31, 2019 and has a working capital deficiency of $437,898 at October 31, 2019.

The Company had cash and cash equivalents of $39,244 as at October 31, 2019. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended April 30, 2019, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. Significant accounting policies (continued)

(b) Significant accounting policies

Except as set out below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited consolidated financial statements and are those the Company expects to adopt in its financial statements for the year ended April 30, 2019. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

(c) New accounting standards

The Company adopted the following accounting standards that are effective for accounting periods beginning on or after January 1, 2019:

- New standard IFRS 16 - *Leases*

  IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and replaced IAS 17, Leases. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

  The Company does not have any leases and accordingly, there was no impact to the Company's financial statements as a result of adopting this new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

  On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments ("IFRIC 23"). IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

  There was no impact to the Company's financial statements as a result of adopting this new standard.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	October 31 2019 $	April 30 2019 $
Bank balances - US dollar	35,908	80,804
Bank balances - Canadian dollar	3,336	3,370
	39,244	84,174

4. Receivable

Receivable consist of the following:

	October 31, 2019 $	April 30, 2019 $
Sales tax recoverable	5,895	3,307
	5,895	3,307

5. Convertible note

On October 14, 2017, the Company issued a convertible note with a principal face value of $200,000 to two directors of the Company. The convertible note bears interest at the rate of 10% per annum, payable annually and has a maturity date of five years from the date of issuance. When the Company consolidated its share capital on a 20:1 basis effective July 30, 2018 the conversion price of the Notes became $1.00 and the exercise price of any warrants issuable on conversion of the notes became $1.20.

On September 26, 2019 the Company amended the terms of the convertible note such that the principal amount of the notes was convertible into units of the Company at $0.05 per unit, with each unit comprised of one common share and one share purchase warrant exercisable into a further share at $0.06 per common share (for one year from the date of issuance of the warrant, subject to the latest exercise date being the maturity date).

The Company's convertible note is as follows:

	$
Proceeds received, net of transaction costs	195,045
Allocation of equity portion	(75,459)
Allocation to liability portion	119,586
Liability portion as at April 30, 2019	173,962
Accretion expense for the period	10,806
Accrued interest	10,082
Liability portion as at October 31, 2019	**194,850**

6. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value and unlimited preferred shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the six months ended October 31, 2019:

There were no transactions for the issue of share capital during the six months ended October 31, 2019.

Transactions for the issue of share capital during the six months ended October 31, 2018:

There were no transactions for the issue of share capital during the six months ended October 31, 2018.

Stock options

On December 19, 2016, the Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of Directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

6. Share capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at October 31, 2019 and April 30, 2019, and changes during the period/year then ended is as follows:

	Six months ended June 30, 2019		Year ended April 30, 2019	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Options outstanding, beginning of period/year	250,000	1.00	267,500	1.03
Expired	-	-	(17,500)	1.40
Options outstanding, end of period/year	**250,000**	**1.00**	250,000	1.00

As at October 31, 2019, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Expiry date
250,000	250,000	1.00	June 9, 2022
250,000	**250,000**		

The following table summarizes information about the stock options outstanding as at October 31, 2019:

Number of Options Outstanding #	Weighted average remaining life (years)	Weighted average exercise price $
250,000	2.61	1.00

No stock options were granted during the six months ended October 31,2019 or October 31,2018.

7. Loss per share

The calculation of basic and diluted loss per share for the six months ended October 31, 2019 was based on the (loss) income attributable to common shareholders of ($64,998) (2018 - $91,570) and a weighted average number of common shares outstanding of 4,727,433 (2018 – 4,727,433).

All options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

8. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

No stock options were granted to related parties during the six months ended October 31, 2019 or October 31, 2018.

8. Related party payables and transactions (continued)

The Company transacted with the following related parties:

(a) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") and Oakside Advisory Ltd. ("Oakside") both firms in which he has significant influence. DBM CPA and Oakside provide the Company with accounting services.

(b) Shares to be issued include incentive bonus payable to compensate the former Chief Executive officer payable in 36,500 common shares at a price of $0.80 per share. Issuance pending since 2016.

(c) On October 14, 2017, convertible notes were issued to two directors, Hendrik Van Alphen and Robert Kopple. (Note 5)

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions 6 months ended October 31, 2019	Transactions 6 months ended October 31, 2018	**Balances outstanding October 31, 2019**	Balances outstanding April 30, 2019
	$	$	**$**	$
Oakside	6,000	-	6,000	-
Robert Kopple	-	-	341,762	341,762
Hendrik Van Alphen	-	-	80,537	80,537
	6,000	-	**428,299**	422,299

All related party balances are unsecured and are due upon demand without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) General and administrative expenses

- Includes the accounting services of Company's CFO, Stephen Brohman, charged to the Company by Oakside.

9. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended October 31,2019 and October 31,2018 were comprised of the following:

	October 31, 2019	October 31, 2018
	$	$
Receivable	(2,588)	(102)
Accounts payable and accrued liabilities	10,126	(6,690)
Accounts payable to related parties	(8,358)	4,833
Net change	**(820)**	(1,959)

During the six months ended October 31, 2019 and October 31, 2018, no amounts were paid on account of interest or income taxes.

10. Financial risk management

Capital management

The Company is in process of the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at October 31, 2019 is comprised of shareholders' deficit of $632,747 (April 30, 2019 - $567,749).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, accounts payable to related parties and convertible note.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Convertible note is presented on an amortized cost basis and will be accreted to their face value at their effective interest rates, over the term to maturity.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. Financial risk management (continued)

	Level 1	Level 2	Level 3	Total
	$	$	$	$
October 31, 2019				
Cash and cash equivalents	39,244	-	-	39,244
	39,244	**-**	**-**	**39,244**
April 30, 2019				
Cash and cash equivalents	84,174	-	-	84,174
	84,174	-	-	84,174

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

The Company is exposed to credit risk by holding cash and cash equivalents and receivables. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure, and its refundable tax credits are due from the Canadian government.

b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the six months ended October 31, 2019 every 1% fluctuation in interest rates up or down would have impacted loss during the period, up or down, by approximately $360 (2018 - $800) before income taxes.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.