

SONORO ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2019 and 2018

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim financial statements of Sonoro Energy Ltd. have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SONORO ENERGY LTD.**Consolidated Statements of Loss and Comprehensive Loss***For the six months ended June 30, 2019 and 2018**Canadian Dollars*

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Expenses				
General and administrative	\$ 255,625	\$ 922,334	\$ 390,806	\$ 1,260,149
Stock based compensation	28,437	104,538	61,622	169,562
	<u>284,062</u>	<u>1,026,872</u>	<u>452,428</u>	<u>1,429,711</u>
Foreign exchange loss (gain)	(370)	(3,231)	(239)	(6,042)
Net loss for the period	\$ 283,692	1,023,642	\$ 452,189	1,423,669
Other Comprehensive Loss				
Exchange differences on translation of foreign operations	(47,908)	(129,516)	(81,979)	(18,428)
Total comprehensive loss	\$ 235,785	894,125	\$ 370,210	1,405,240
Per Share Information				
Net loss per share – basic and diluted	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.02
Weighted average number of common shares outstanding	77,254,049	74,288,320	77,254,049	60,218,845
Nature of Business and Going Concern (Note 1)				

SONORO ENERGY LTD.
Consolidated Statements of Financial Position

*For the period ended June 30,
Canadian Dollars*

	June 30 2019	December 31 2018
ASSETS		
Current		
Cash and cash equivalents	\$ 57,523	\$ 26,366
Accounts receivable and prepaid expenses	<u>1,248</u>	<u>2,301</u>
	58,771	28,667
Non-Current		
Prepayments and other	28,644	23,394
TOTAL ASSETS	<u>\$ 87,415</u>	<u>\$ 52,061</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,817,344	\$ 1,855,212
Asset retirement obligation	<u>\$ 50,000</u>	<u>\$ 50,000</u>
	<u>1,867,344</u>	<u>1,905,212</u>
SHAREHOLDERS' EQUITY		
Share capital	6 71,671,896	71,400,086
Warrants	1,482,025	1,372,025
Contributed surplus	11,390,489	11,328,867
Accumulated other comprehensive income/(loss)	307,989	226,010
Accumulated deficit	<u>(86,632,328)</u>	<u>(86,180,139)</u>
	<u>(1,779,929)</u>	<u>(1,853,151)</u>
	<u>\$ 87,415</u>	<u>\$ 52,061</u>

Nature of Business and Going Concern (Note 1)

ON BEHALF OF THE BOARD:

Richard Wadsworth , Director

Chris Atkinson , Director

SONORO ENERGY LTD.

Consolidated Statements of Changes in Shareholder's Equity

Canadian Dollars

	Note	Common Shares		Warrants	Contributed Surplus	Accumulated Other Comprehensive Income/(loss) Foreign Currency Translation	Accumulated Deficit	Total
		Number	Amount					
Balance at December 31, 2017		44,328,616	70,669,378	461,797	\$ 11,100,200	\$ 284,269	\$ (84,030,787)	\$ (1,515,144)
Private Placement (net of issuance costs)		29,032,039	538,298	917,106				1,455,404
Warrants exercised		927,665	192,410	(6,878)				185,532
Share based compensation		-	-	-	228,667	-	-	228,667
Loss and comprehensive loss for the year						(58,259)	(2,149,352)	(2,207,611)
Balance December 31, 2018		74,288,320	\$ 71,400,086	1,372,025	\$ 11,328,867	\$ 226,010	\$ (86,180,139)	\$ (1,853,152)
Private Placement (net of issuance costs)		10,400,000	202,000	110,000				312,000
Warrants exercised		937,500	69,810					69,810
Share based compensation		-	-		61,622			61,622
Loss and comprehensive loss for the period						81,979	(452,189)	(370,210)
Balance at June 30, 2019		85,625,820	\$ 71,671,896	1,482,025	11,390,489	307,989	(86,632,328)	(1,779,930)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

SONORO ENERGY LTD.
Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018
Canadian Dollars

	Six Months Ended June 30,	
	2019	2018
Operating Activities		
Net loss for the year	\$ (452,189)	\$ (1,423,670)
Items not affecting cash and cash equivalents:		
Share based compensation	61,622	169,562
Unrealized foreign exchange loss	80,683	16,674
	<u>(309,884)</u>	<u>(1,237,434)</u>
Net change in non-cash working capital related to operations	<u>(40,793)</u>	<u>(240,393)</u>
Cash flows used in operating activities	<u>(350,677)</u>	<u>(1,477,826)</u>
Investing Activities		
Expenditures on exploration and evaluation	-	-
Cash flows from/(used in) investing activities	<u>-</u>	<u>-</u>
Financing Activities		
Proceeds from the issuance of shares (net of issuance costs)	6 312,000	1,451,602
Proceeds from warrant exercises	69,810	185,533
Cash flows from financing activities	<u>381,810</u>	<u>1,637,135</u>
Increase/(decrease) in cash and cash equivalents	31,133	159,309
Cash and cash equivalents, beginning of period	26,366	89,874
Impact of foreign exchange on cash balances	25	1,755
Cash and cash equivalents, end of period	<u>\$ 57,523</u>	<u>\$ 250,937</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements

SONORO ENERGY LTD.

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months ended June 30, 2019 and 2018

(unaudited)

Canadian Dollars

1. Nature of business and going concern

a) Nature of Business

Sonoro Energy Ltd. ("the Company") was incorporated February 4, 2000 in British Columbia, Canada and commenced trading on the TSX Venture Exchange ("the TSX-V") on November 29, 2000. Effective August 7, 2013, the Company was continued from British Columbia to Alberta with the registered office at 4300, 888 3rd Street S.W. Calgary, Alberta, Canada T2P 5C5. The Company's corporate office is located at Suite 900, 520 – 5th Avenue SW Calgary, Alberta, Canada.

The business of the Company consists of the exploration for, appraisal of and development and production of oil and gas resources, focused in South East Asia. The Company operates in jurisdictions that may be subject to changes in government practices and policies.

The following sets out the subsidiaries of the Company and the Company's ownership interest in those subsidiaries:

Subsidiary Name	Jurisdiction	Ownership	Functional Currency
Sonoro Energy International Holdings B.V. ("SEIHBV")	The Netherlands	100.0%	USD
Stockbridge Oil and Gas Ltd B.V.I.	British Virgin Islands	100.0%	USD
Stockbridge Capital B.V.I.	British Virgin Islands	100.0%	USD
Stockbridge Budong Budong B.V.	The Netherlands	100.0%	IDR
PetroSonic Energy Systems Inc. ("PetroSonic Energy")	Delaware, USA	100.0%	USD
Sonic Environmental Solutions Corp. ("Sonic Corp.")	California, USA	100.0%	USD

b) Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The ability of the Company to continue as a going concern is dependent on the Company obtaining additional sources of capital to explore, appraise and develop its oil and gas resource assets, continuing to receive support and cooperation from its creditors, achieving profitable operations in Indonesia through the discovery of oil and gas resources, maintaining production sharing contracts in good standing and no significant adverse legal, political and security developments in Indonesia. Management of the Company continues to evaluate possible industry partnerships, equity and debt financing and regulatory approvals, but there is no assurance that these initiatives will be successful.

For the period ended June 30, 2019, the Company had no revenues, negative working capital of \$1,721,158 (December 31, 2018 – \$1,824,484), negative cash flows from operations of \$350,677 (June 30, 2018 – \$1,476,071), a loss from operations of \$452,189 (June 30, 2018 - \$1,423,669) and an accumulated deficit of \$86,632,328 (December 31, 2018 - \$86,180,139).

SONORO ENERGY LTD.

Notes to the Condensed Consolidated Interim Financial Statements As at and for the six months ended June 30, 2019 and 2018

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While these consolidated financial statements have been prepared on the assumption that the Company is a going concern, the above material uncertainties cast significant doubt on this assumption and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. Additionally, in order to meet its future commitments regarding the Company's exploration and, appraisal programs, the Company will need to raise additional funds. The Company will continue to evaluate various strategic alternatives, including but not limited to, farm-out, additional equity financing, mergers, acquisitions, alternative financings, and/or liquidation of its assets and reduction of costs to enable the Company to meet its short-term obligations and to provide resources for sustainable future growth and development.

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

2. Basis of preparation

a) Statement of compliance

These consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). As part of this preparation, management is required to make estimates and assumptions under IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent amounts and the reported amounts of revenues and expenses. Actual results could differ from these estimates. Refer to use of judgments and estimates below for further discussion.

These consolidated financial statements were authorized for issuance by the Board of Directors as of August 28, 2019.

b) Changes in Accounting Policies

There were no new or amended accounting standards or interpretations issued during the three months ended June 30, 2019 that are applicable to the Company. A description of accounting standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the audited annual consolidated financial statements for the year ended December 31, 2018.

3. Financial risk management

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 have not changed during the six months ended June 30, 2019. A description of risks can be found in the notes to the audited annual consolidated financial statements for the year ended December 31, 2018.

SONORO ENERGY LTD.

Notes to the Condensed Consolidated Interim Financial Statements As at and for the six months ended June 30, 2019 and 2018

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4. General & administrative

General and administrative expenses for the three months ended June 30, 2019 and 2018 are comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Employee salaries and benefits	\$60,558	\$71,745	\$123,126	\$184,878
Contractors and consultants	-	542,626	-	638,271
Travel and accommodation	3,587	14,714	5,195	21,950
Professional, legal and advisory	70,993	147,622	65,805	174,815
Office and administration	15,844	19,518	23,636	56,766
Jakarta office and administration	104,644	126,110	173,045	183,470
Total expenses	\$255,625	\$922,334	\$390,806	\$1,260,149

5. Exploration and evaluation assets

Indonesia

The Company drilled a well during the last half of 2017 on the Budong Budong property in West Sulawesi. Costs for the well were initially capitalized to the exploration and evaluation assets on the statement of financial position subject to a review for impairment indicators.

The PSC at Budong Budong expired on January 15, 2018. At the time, the Ministry had indicated it would extend the PSC term under a jointly agreed workplan. This did not occur during 2018 despite the Indonesian regulator and government comments. As a result, the Company has impaired the exploration and evaluations to zero. The Company continues discussions with the Ministry of Energy of Indonesia to clarify its good standing of the PSC or potentially converting the PSC to a Gross Split Contract (new form of PSC in Indonesia). Should Sonoro be successful in its efforts, it will consider reversing some of the impairment charges at this time. There is no assurance that any amounts will be re-classified to the balance sheet as assets to the Company.

An impairment of \$5.7 million was recorded as at December 31, 2017. The Company does not attribute any value to its Exploration and Evaluation assets on the balance sheet.

6. Share capital

(i) Authorized

The authorized share capital of the Company consists of unlimited common shares without par value.

On March 26, 2018 the Company announced the closing of a non-brokered private placement for total gross proceeds of \$1,455,404. The Company sold 29,032,039 units (a "Unit") at a price of \$0.05 per Unit where each Unit consists of one common share (a "Common Share") of the Company and one common share purchase warrant (a "Warrant") of the Company, where each whole Warrant entitles the holder to purchase one Common Share within two years at a price of \$0.10 per Common Share.

On March 29, 2019 the Company announced the closing of a non-brokered private placement for total gross proceeds of \$312,000. The Company sold 10,400,000 units (a "Unit") at a price of \$0.03 per Unit where each Unit consists of one common share (a "Common Share") of the Company and

SONORO ENERGY LTD.

Notes to the Condensed Consolidated Interim Financial Statements As at and for the six months ended June 30, 2019 and 2018

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one common share purchase warrant (a "Warrant") of the Company, where each whole Warrant entitles the holder to purchase one Common Share within two years at a price of \$0.05 per Common Share.

Sonoro Energy Ltd. now has 86,151,237 Common Shares outstanding, 52,199,873 warrants outstanding, and the Common Shares trade on the TSX Venture Exchange under the symbol SNV.

7. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling activities of an entity and include executive and related personnel

During the period ended June 30, 2019, key management personnel compensation and director fees of \$114,069 were paid or accrued, compared with \$124,350 for the comparable period in 2018.

In 2018, an Executive Officer in Indonesia injected capital of US\$25,000 (March 31, 2018 – Nil) in the form of an interest free loan to the Corporation. Funds were used to maintain the office and administrative costs in Jakarta. The amount was paid back in March 2019 with common shares in the equity offering.

8. Contingencies and commitments

The Company co-signed (50% commitment) an office lease for a 36-month term commencing March 1, 2017. The majority of the Corporation's lease obligations have been reduced by subleasing arrangements. Gross rent is equal to \$10,088 per month (net \$5,044 per month) plus operating costs. The net rent payable by Sonoro is \$1,700 per month.

Jakarta Lease. The Company is on a month to month lease in Jakarta for approximately US\$2,800 a month.

The Company is not aware of any material provisions or other contingent liabilities as at June 30, 2019.

SONORO ENERGY LTD.**Notes to the Condensed Consolidated Interim Financial Statements****As at and for the six months ended June 30, 2019 and 2018**

(unaudited)

Canadian Dollars

9. Supplemental cash flow information

Non-cash working capital components:

	Six Months Ended	
	June 2019	June 2018
Net change in non-cash working capital related to operations:		
Accounts receivable	1,053	7,954
Prepaid expenses	(5,250)	(4,216)
Accounts payable and accrued liabilities	(37,868)	(244,130)
Effects of foreign currency	1,272	-
	(40,793)	(240,393)