

UMBRAL ENERGY CORP.

Condensed Interim Consolidated Financial Statements

For the three month period ended January 31, 2017
(Stated in Canadian Dollars)

(Unaudited)

**NOTICE OF NO AUDITORS' REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements of Umbral Energy Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

UMBRAL ENERGY CORP.

(An Exploration and Development Stage Company)

Umbral Energy Corp.
Condensed Interim Consolidated Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

	AS AT JANUARY 31, 2017	AS AT OCTOBER 31, 2016
Assets		
Current		
Cash	\$ 43,005	\$ 85,057
GST receivable	2,311	2,909
Prepaid expenses and deposits (Note 3)	62,518	96,231
Total Current Assets	107,834	184,197
Investment in joint venture and advances (Note 4)	447,176	433,914
Exploration and evaluation assets (Note 5)	152,758	146,350
Total Assets	\$ 707,768	\$ 764,461
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 216,187	\$ 223,093
Provision for flow-through liability	69,927	69,927
Due to related parties (Note 7)	102,278	102,278
Total Liabilities	388,392	395,298
Equity		
Share Capital (Note 6)	6,141,637	6,067,501
Share-based Payment Reserve	674,170	674,170
Deficit	(6,496,431)	(6,372,508)
Total Equity	319,376	369,163
Total Liabilities and Equity	\$ 707,768	\$ 764,461

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 9)

Approved on behalf of the Board of Directors:

"Jagdip Bal"
Director

"Clint Sharples"
Director

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

Umbral Energy Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	THREE MONTH PERIOD ENDED JANUARY 31,	
	2017	2016
	\$	\$
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising and promotion	41,113	-
Consulting fees	10,037	69,546
Management fees (Note 7)	15,000	15,000
Office expense and miscellaneous	1,829	793
Professional fees	2,739	2,100
Regulatory fees	1,500	1,500
Shareholder communications	5,010	-
Stock-based compensation	32,636	-
Transfer agent and shareholder information	1,321	1,098
Total general and administrative expenses	111,185	90,037
Loss before other expense	(111,185)	(90,037)
Other expense		
Equity loss on investment of associate	(12,738)	(38)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(123,923)	(90,075)
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares outstanding	63,477,472	51,966,972

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

Umbral Energy Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Stated in Canadian Dollars)

(Unaudited)

Three Month Periods Ended January 31, 2017, 2016 and Year Ended October 31, 2016

	SHARE CAPITAL		SHARE-BASED PAYMENT RESERVE	SHARE SUBSCRIPTIONS RECEIVABLE	DEFICIT	TOTAL
	NUMBER	AMOUNT				
Balance, October 31, 2015	51,966,972	\$ 5,061,580	\$ 461,841	\$ (56,750)	\$ (5,342,815)	\$ 123,856
Share subscription receivable (Note 6)	-	-	-	39,250	-	39,250
Net loss for the period	-	-	-	-	(90,075)	(90,075)
Balance, January 31, 2016	51,966,972	\$ 5,061,580	\$ 461,841	\$ (17,500)	\$ (5,432,890)	\$ 73,031
Issued shares for cash	-	-	-	-	-	-
Share options exercised	8,085,000	846,011	(405,961)	-	-	440,050
Warrants exercised	1,790,174	107,410	-	-	-	107,410
Shares issued on acquisition	1,500,000	52,500	-	-	-	52,500
	-	-	-	-	-	618,290
Stock based compensation	-	-	618,290	-	-	-
Share subscription receivable (Note 6)	-	-	-	17,500	-	17,500
Net loss for the period	-	-	-	-	(939,618)	(939,618)
Balance, October 31, 2016	63,342,146	\$ 6,067,501	\$ 674,170	\$ -	\$ (6,372,508)	\$ 369,163
Issued shares for cash	-	-	-	-	-	-
Share options exercised	830,000	74,136	(32,636)	-	-	41,500
Stock based compensation	-	-	32,636	-	-	32,636
Net loss for the period	-	-	-	-	(123,923)	(123,923)
Balance, January 31, 2017	64,172,146	\$ 6,141,637	\$ 674,170	\$ -	\$ (6,496,431)	\$ 319,376

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

Umbral Energy Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Stated in Canadian Dollars)
(Unaudited)

	THREE MONTH PERIOD ENDED JANUARY 31,	
	2017	2016
Operating Activities		
Net loss for the period	\$ (123,923)	\$ (90,075)
Adjustments for non-cash expenses and income		
Loss on investment in joint venture	12,739	38
Stock based compensation	32,636	-
Changes in non-cash operating assets and liabilities		
GST receivable	598	4,139
Prepaid expenses and deposits	33,713	-
Accounts payable and accrued liabilities	(6,906)	35,852
Due to related parties	-	2,250
Cash Used In Operating Activities	(51,143)	(47,796)
Investing Activities		
Advances	(26,001)	-
Exploration and evaluation projects	(6,408)	-
Cash Used In Investing Activities	(32,409)	-
Financing Activities		
Share capital proceeds	41,500	39,250
Cash Provided By Financing Activities	41,500	39,250
Change In Cash	(42,052)	(8,546)
Cash, Beginning Of Period	85,057	11,806
Cash, End Of Period	\$ 43,005	\$ 3,260
Supplementary Information		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Non-cash Investing and Financing Transactions (Note 8)

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

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Going Concern

The Company is a development stage public company whose common shares trade on the Canadian Securities Exchange under the symbol "UMB.C" The Company was incorporated on October 25, 2007 in British Columbia, Canada, under the Business Corporations Act and commenced operations on November 1, 2007. The head office and principal address of the Company is 929 Mainland Street, Vancouver, British Columbia, Canada V6C 2B3 and the registered and records office of the Company is located at Suite 1500-1055 West Georgia St., Vancouver, B.C., V6E 4N7.

The Company is principally engaged in the acquisition, exploration, and development of resource properties. The Company also participates in, through its joint venture investment of PhyeinMed Inc., which has submitted an application to acquire a Health Canada license under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") for the purpose of entering the medical marijuana industry.

Although the Company has started to invest resources for a medical marijuana business, there is no guarantee the Company will be awarded a license to grow medical marijuana. As the Company does not yet have cash flow from operations, it must rely on equity financing to fund operations. To date the Company's main source of funding has been the issuance of equity securities for cash, through private placements to sophisticated investors and through public offering to institutional investors. The Company has historically raised operating capital from the sale of equity, and will continue to do so.

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception, does not have positive operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore its mineral properties, develop its ACMPR business plans and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions, resource property exploration success and its progress on obtaining an ACMPR license. These factors may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in these consolidated financial statements.

2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of condensed interim consolidated financial statements, including International Accounting Standard ("IAS") 34 - Interim Financial Reporting. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's audited annual financial statements for the year ended October 31, 2016.

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

2. Basis of Presentation (Continued)

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 1005477 B.C. Ltd. and Umbral Energy LLC (Washington State). The condensed interim financial statements of the subsidiaries are prepared using consistent accounting policies and reporting dates of the Company. All inter-company transactions and accounts have been eliminated upon consolidation.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of March 7, 2017, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the condensed interim consolidated financial statements for the period ended January 31, 2017. The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual financial statements and the notes thereto for the year ended October 31, 2016.

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. The condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include but are not limited to exploration and evaluation assets, oil and gas interests, share-based payments, allocation of financing proceeds, and income and mining taxes. Differences may be material.

3. Prepaid Expenses and Deposits

During the year ended October 31, 2016, the Company advanced \$137,044 (US\$125,000) for a 12 month digital marketing program to raise awareness of the Company's projects to current and potential investors effective June 1, 2016.

4. Investment in Joint Venture and Advances

	January 31, 2017	October 31, 2016
Investment in joint venture	\$ 176,916	\$ 189,654
Advances to joint venture	270,260	244,260
	\$ 447,176	\$ 433,914

The Company holds all the issued and outstanding shares of 1005477 B.C. Ltd., a holding company which owns 50% of the common shares of PhyeinMed Inc. ("PhyeinMed"), an operating company incorporated in British Columbia which has submitted an application to Health Canada for a Marihuana for Medical Purposes Regulations license. Management determined that the 50% interest in PhyeinMed is a joint venture under IFRS 11 as Umbral management has no control over strategic, financial, permitting, development or operating decisions of Phyeinmed. The investment in the joint venture is accounted for using the equity method.

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

4. Investment in Joint Venture and Advances (Continued)

a) Investment in Joint Ventures

The continuity of this investment of the joint venture is as follows:

	THREE MONTH PERIOD ENDED JANUARY 31,	
	2017	2016
Balance, beginning of the period	\$ 189,654	\$ 194,406
Equity loss on investment in joint venture	(12,738)	(38)
Balance, end of the period	\$ 176,916	\$ 194,368

Summary financial information of the investment of the joint venture is as follows:

Statements of Financial Position	January 31, 2017	October 31, 2016
Total Assets	\$ 14,205	\$ 13,431
Current Liabilities	34,760	34,509
Advances from Joint Venture Partner	399,759	373,759
Shareholders' Deficiency	(420,314)	(394,837)
Total liabilities and shareholders' deficiency	\$ 14,205	\$ 13,431
Statements of Comprehensive Loss	THREE MONTH PERIOD ENDED JANUARY 31,	
	2017	2016
Expenses	\$ 25,477	\$ 75
Comprehensive loss for the period	\$ 25,477	\$ 75
Statements of Cash Flow	THREE MONTH PERIOD ENDED JANUARY 31,	
	2017	2016
Comprehensive loss for the period	\$ (25,477)	\$ (75)
Changes in non-cash operating assets and liabilities		
GST receivable	(774)	-
Accounts payable and accrued liabilities	250	-
Cash Used in Operating Activities	(26,001)	(75)
Cash Used in Investing Activities	-	-
Cash Provided by Financing Activities	26,001	-
Change In Cash	-	(75)
Cash, Beginning Of Period	-	222
Cash, End Of Period	\$ -	\$ 147

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

4. Investment in Joint Venture and Advances (Continued)

b) Advances

During the year ended October 31, 2015 the Company entered into a loan agreement whereby the Company will advance up to \$2,000,000 to PhyeinMed for working capital purposes. The advances are unsecured and are due within 36 months from the date of the advance. The first \$550,000 advanced does not accrue interest prior to 36 months from the date of the advance after which interest shall be accrued at prime plus 2%. All advances subsequent to the initial \$550,000 will accrue interest at prime plus 2% from the date of the advance. PhyeinMed can only repay the initial \$550,000 advanced as follows:

- a) \$25,000 once an application for a medical marihuana growing operation is awarded to PhyeinMed by Health Canada;
- b) \$150,000 once the final ACMPR license is awarded to PhyeinMed by Health Canada;
- c) \$150,000 once PhyeinMed has achieved an accumulated EBITDA of \$1,000,000; and
- d) \$225,000 once PhyeinMed has achieved an accumulated EBITDA of \$2,000,000

See Subsequent Events (Note 9).

5. Exploration and Evaluation Assets

	Three Month Period ended January 31, 2016	Year ended October 31, 2016
<i>Acquisition Costs:</i>		
Balance, beginning of period	\$ 112,500	\$ -
Cash payment	-	60,000
Shares issued	-	52,500
	<hr/>	<hr/>
Balance, end of period	112,500	112,500
<i>Exploration Costs:</i>		
Balance, beginning of period	33,850	-
Assaying and geochemical	-	975
Claim fees	3,802	6,964
Geological consulting, surveys and reports	2,606	14,930
Travel, supplies and field expenses	-	10,981
	<hr/>	<hr/>
Balance, end of period	40,258	33,850
Total Acquisition and Exploration Costs	\$ 152,758	\$ 146,350

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
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(Unaudited)

5. Exploration and Evaluation Assets (Continued)

Tule Valley Project, Utah and Gerlach Project, Nevada

Pursuant to a property purchase agreement dated April 20, 2016, the Company was granted the right to acquire an undivided 100% interest in 26 contiguous mineral claims totaling 4,800 acres located in Millard County, Utah known as the Tule Valley Project and a further 89 contiguous mineral claims totaling 1,780 acres located in Washoe County, Nevada known as the Gerlach Project.

As consideration for the properties, the Company is required to make the following cash payments and issue the following shares:

	<u>CASH PAYMENTS</u>	<u>COMMON SHARES</u>
On signing of option agreement		
April 20, 2016 (cash paid)	\$ 10,000	1,500,000
On or before June 20, 2016 (paid)	20,000	Nil
On or before July 20, 2016 (paid)	30,000	Nil
On or before April 20, 2017	<u>100,000</u>	<u>1,500,000</u>
	<u>\$ 160,000</u>	<u>3,000,000</u>

The properties are subject to a net smelter return royalty of 2%. The Company has an option to purchase 1% of the 2% net smelter return royalty for \$1,000,000 at any time. See Subsequent Events (Note 9).

6. Share Capital and Reserve

a) Authorized

Unlimited number of common shares without par value

b) Issued

Three month period ended January 31, 2017:

The Company issued 830,000 common shares for the exercise of 830,000 stock options at \$0.05 per share for total proceeds of \$41,500 which resulted in the transfer from share-based payment reserve to share capital of \$32,636.

Year ended October 31, 2016:

The Company issued 8,085,000 common shares for the exercise of 8,085,000 stock options between \$0.05 and \$0.08 per share for total proceeds of \$440,050 which resulted in a transfer from share-based payment reserve to share capital of \$405,961. The Company issued 1,790,174 common shares for the exercise of 1,790,174 warrants at \$0.06 per share for total proceeds of \$107,410.

The Company issued 1,500,000 common shares with a fair value of \$52,500 measured on the date of issuance in accordance with the option agreement for the right to acquire an interest in the Tule Valley and Gerlach Lithium properties (Note 5).

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

6. Share Capital and Reserve (Continued)

c) Warrants

The following is a summary of the changes in warrants:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, October 31, 2015	13,635,400	\$0.06
Exercised	(1,790,174)	0.06
Balance, October 31, 2016	11,845,226	\$0.06
Exercised	-	-
Balance, January 31, 2017	<u>11,845,226</u>	<u>\$0.06</u>

The following table summarizes the warrants outstanding and exercisable at January 31, 2017:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
7,489,962	\$0.06	March 19, 2018
922,966	\$0.10	March 19, 2018
975,989	\$0.06	May 16, 2018
293,809	\$0.10	May 16, 2018
<u>2,162,500</u>	<u>\$0.06</u>	<u>December 20, 2018</u>
<u>11,845,226</u>		

As at January 31, 2017, the weighted average remaining contractual life of all warrants outstanding was 1.28 years (January 31, 2016 – 2.31 years). See Subsequent Events (Note 9).

d) Stock Options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Stock Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options will be exercisable for a period to be determined by the board of Directors, but not exceeding 10 years.

In connection with the foregoing, the number of common shares reserved for issuance to any technical consultant will not exceed two percent (2%) of the issued and outstanding common shares in any twelve month period. The number of common shares reserved for issuance to individuals providing investor relation services will not exceed two percent (2%) of issued and outstanding common shares in any twelve month period. Further, these options must vest over twelve months with a maximum of one quarter of the options vesting in any three month period. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

During the period ended three month period ended January 31, 2017, stock based compensation in the amount of \$32,636 (2016 – \$Nil) was recognized on the issuance of stock options to directors, officers and consultants.

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

6. Share Capital and Reserve (Continued)

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS OUTSTANDING
Balance, October 31, 2015	3,550,000
Granted	9,300,000
Exercised	<u>(8,085,000)</u>
Balance, October 31, 2016	4,765,000
Granted	830,000
Exercised	<u>(830,000)</u>
Balance, January 31, 2017	<u><u>4,765,000</u></u>

The following table summarizes the options outstanding and exercisable at January 31, 2017:

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
3,265,000	\$0.08	May 30, 2021
1,500,000	\$0.085	June 2, 2021
<u>4,765,000</u>		

As at January 31, 2017, the weighted average remaining contractual life of all options outstanding was 4.33 years (January 31, 2016 – 4.30 years).

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

	THREE MONTH PERIODS ENDED JANUARY 31,	
	2017	2016
Dividend yield	<u>Nil</u>	Nil
Annualized volatility	216%	N/A
Risk-free interest rate	0.91%	N/A
Expected life	5 years	N/A

See Subsequent Events (Note 9).

e) Loss Per Share

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The basic and diluted loss per share are the same as there are no instruments that have a dilutive effect.

	THREE MONTH PERIODS ENDED JANUARY 31,	
	2017	2016
Issued shares at beginning of period	63,342,146	51,966,972
Weighted average issuances	135,326	-
Basic weighted average common shares	<u>63,477,472</u>	<u>51,966,972</u>

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
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6. Share Capital and Reserve (Continued)

f) Nature and Purpose of Reserve

The 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants and warrants prior to exercise, expiry or cancellation.

g) Share Subscriptions Receivable

During the period ended January 31, 2016, the Company received \$56,750 relating to share subscriptions receivable as at October 31, 2015. Subsequent to January 31, 2016, the Company received \$17,500 relating to share subscriptions receivable.

7. Related Party Transactions

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

a) Related party transactions with directors and companies with a director in common.

	THREE MONTH PERIODS ENDED JANUARY 31,	
	2017	2016
Management fees	\$ 15,000	\$ 15,000

b) Advances payable

	JANUARY 31, 2016	OCTOBER 31, 2016
Advances from directors are unsecured, non-interest bearing and is repayable on demand	\$ 102,278	\$ 102,278

c) Management compensation

	THREE MONTH PERIODS ENDED JANUARY 31,	
	2017	2016
Short-term management benefits	\$ 15,000	\$ 15,000
Share-based payments	\$ 23,593	\$ Nil

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
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8. Non-Cash Investing and Financing Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

Three month period ended January 31, 2017

\$32,636 was transferred from share based payment reserves to share capital as a result of the exercise of 830,000 stock options at \$0.05.

Three month period ended January 31, 2016:

There were no non-cash investing or financing transactions during the period ended January 31, 2016.

9. Subsequent Events

Subsequent to January 31, 2017, the Company:

- Granted 3,450,000 incentive stock options to directors, officers and consultants of the Company under the Company's Stock Option Plan exercisable at \$0.07 per share expiring February 10, 2022.
- Granted 6,000,000 incentive stock options to directors, officers and consultants of the Company under the Company's Stock Option Plan exercisable at \$0.065 per share expiring February 27, 2022.
- Issued 3,350,000 common shares for the exercise of 3,350,000 options at \$0.07 per share for total proceeds of \$234,500 which resulted in a transfer from share-based payment reserve to share capital of \$231,371.
- Issued 2,150,000 common shares for the exercise of 2,150,000 options at \$0.08 per share for total proceeds of \$172,000 which resulted in a transfer from share-based payment reserve to share capital of \$168,698.
- Issued 1,226,000 common shares for the exercise of 1,226,000 warrants at \$0.06 and \$0.10 per share for total proceeds of \$81,951.
- Received, through its joint venture investment, PhyeinMed, notification from Health Canada that its Access to Cannabis for Medical Purposes Regulations ("ACMPR") license has progressed through to the Review or 5th stage of the 7 stage licensing process. Please refer to the Company's News Release dated February 16, 2017 for further details.
- Entered into an Assignment Agreement with Equitorial Exploration Corp. ("Equitorial") for them to acquire 100% interests in both the Tule Valley and Gerlach Lithium Projects. Equitorial shall pay Umbral the sum of \$50,000 on execution of this agreement (received) and shall issue to the Umbral 2,000,000 common shares upon regulatory acceptance. In consideration for the assignment of the underlying agreement, Equitorial will assume a final payment of \$100,000 to the underlying owner and Umbral will issue 1,500,000 shares for 100% interest in the properties. There is a 2% NSR in favour of the underlying owner.

Umbral Energy Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Three month period ended January 31, 2017
(Stated in Canadian Dollars)
(Unaudited)

9. Subsequent Events (Continued)

- PhyeinMed initiated the purchase of a 13 acre property located in Falkland, BC which includes a 10,000 sq. ft. commercial building which can be used to grow medical cannabis under the Access to Cannabis for Medical Purposes Regulations. The purchase of the property and the design and engineering has been initiated and expected to be completed within 90 days subject to acceptable terms.
- Signed a binding Letter of Intent to acquire an additional 25% interest in PhyeinMed through its wholly owned subsidiary, 1005477 BC Ltd. Upon completion of the terms of the Letter of Intent, 1005477 BC Ltd. will hold a 75% interest in PhyeinMed. Please refer to the Company's news release dated March 6, 2017 for the terms of the Letter of Intent.