ARCTIC HUNTER URANIUM INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010

(Unaudited)

MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Arctic Hunter Uranium Inc. (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 judgements 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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ARCTIC HUNTER URANIUM INC.
CONDENSED STATEMENTS OF FINANCIAL POSITION

	September 30, 2011	June 30, 2011 (Note 10)	July 1, 2010 (Note 10)
ASSETS			
Current			
Cash	$ 426,652	$ 429,097	$ 363,402
Accounts receivable (Note 5)	84,195	120,623	2,950
Prepaid expense	14,183	15,263	7,683
	525,030	564,983	374,035
Property, plant and equipment (Note 3)	308,862	359,274	-
	$ 833,892	$ 924,257	$ 374,035
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	$ 90,487	$ 166,877	$ 143,767
Decommissioning liabilities (Note 3)	23,581	23,290	-
	114,068	190,167	143,767
Equity			
Share capital (Note 6)	1,381,989	1,381,989	1,013,221
Reserves	462,324	462,324	345,334
Deficit	(1,124,489)	(1,110,223)	(1,128,287)
	719,824	734,090	230,268
	$ 833,892	$ 924,257	$ 374,035

Nature and continuance of operations (Note 1)
Commitment (Notes 5 and 7)
Subsequent event (Note 11)

Approved and authorized for issue by the Board on December 9, 2011

On behalf of the Board:

"Tim Coupland" Director *"Robert Hall"* Director

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

ARCTIC HUNTER URANIUM INC.

CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		Three Months Ended September 30, 2011		Three Months Ended September 30, 2010
				(Note 10)
PETROLEUM REVENUE	$	190,620	$	246,917
OPERATING EXPENSES				
Petroleum royalties		44,478		64,405
Petroleum production and transportation		33,442		34,915
Depletion and depreciation (Note 3)		52,123		69,721
		130,043		169,041
NET PETROLEUM PRODUCTION REVENUE		60,577		77,876
ADMINISTRATIVE EXPENSES				
Accretion (Note 3)		291		-
Consulting fees (Note 5)		35,068		16,667
Director fees (Note 5)		6,000		-
Filing fees		3,960		2,291
General and administration		578		1,270
Management fees (Note 5)		19,500		10,500
Professional fees (Note 5)		4,500		-
Rent		4,946		4,859
Share-based payments (Note 6c)		-		844
		(74,843)		(36,431)
NET AND COMPREHENSIVE INCOME (LOSS)		(14,266)		41,445
NET LOSS PER SHARE				
Basic	$	(0.00)	$	0.00
Diluted	$	(0.00)	$	0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic		14,985,000		12,700,000
Diluted		14,985,000		12,700,000

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

ARCTIC HUNTER URANIUM INC.
CONDENSED STATEMENTS OF EQUITY

	Common Shares	Amount	Reserves		Deficit	Total
			Stock Options	Warrants		
Balance – 1 July 2010 (Note 10)	12,700,000	$ 1,013,221	$ 152,594	$ 192,740	$ (1,128,287)	$ 230,268
Share-based payments (Note 6c)	-	-	844	-	-	844
Income for the period	-	-	-	-	41,445	41,445
Balance – 30 September 2010 (Note 10)	12,700,000	1,013,221	153,438	192,740	(1,086,842)	272,557
Flow-through share private placements (Note 6a)	560,000	126,965	-	13,035	-	140,000
Flow-through share liability (Note 6a)	-	(27,200)	-	-	-	(27,200)
Common share private placements (Note 6a)	1,725,000	305,203	-	54,797	-	360,000
Fair value of warrants extended (Note 6d)	-	-	-	48,188	-	48,188
Share issuance costs (Note 6a)	-	(36,200)	-	-	-	(36,200)
Share-based payments (Note 6c)	-	-	126	-	-	126
Loss for the period	-	-	-	-	(23,381)	(23,381)
Balance – 30 June 2011 (Note 10)	14,985,000	1,381,989	153,564	308,760	(1,110,223)	734,090
Loss for the period	-	-	-	-	(14,266)	(14,266)
Balance – 30 September 2011	14,985,000	$ 1,381,989	$ 153,564	$ 308,760	$ (1,124,489)	$ 719,824

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

ARCTIC HUNTER URANIUM INC.
CONDENSED STATEMENTS OF CASH FLOWS

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
		(Note 10)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	$ (14,266)	$ 41,445
Non-cash items		
Share-based payments	-	844
Depletion and depreciation	52,123	69,721
Accretion	291	-
Change in non-cash working capital items:		
Accounts receivable	36,428	(41,824)
Prepaid expense	1,080	2,500
Accounts payable and accrued liabilities	(76,390)	(32,659)
Net cash provided by (used in) operating activities	(734)	40,027
CASH FLOWS USED IN INVESTING ACTIVITIES		
Petroleum and natural gas properties	(1,711)	(243,605)
Net cash used in investing activities	(1,711)	(243,605)
DECREASE IN CASH	(2,445)	(203,578)
CASH, BEGINNING	429,097	363,402
CASH, ENDING	$ 426,652	$ 159,824
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Arctic Hunter Uranium Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on February 21, 2006. The Company was listed on the Canadian National Stock Exchange ("CNSX") under the trading symbol "AHU" from July 9, 2008 to June 10, 2011, when the Company voluntarily delisted its shares on the CNSX and began trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "AHU". The Company is a Canadian resource exploration and development company that is involved in the acquisition, exploration and development of oil and gas properties in Western Canada.

The head office, principal address and registered and records office of the Company is 501 – 675 West Hastings Street, Vancouver, British Columbia, Canada V6B 1N2.

Going Concern

These financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2011, the Company had working capital of $434,543 (June 30, 2011 - $398,106, July 1, 2010 - $230,268) and has incurred losses since inception of $1,124,489. Should the Company be unable to continue as a going concern, significant adjustments to asset values may be necessary. The ability of the Company to continue as a going concern is dependent upon the Company raising sufficient financing to complete exploration and development activities, the discovery of economically recoverable oil and gas reserves, and upon future profitable operations or proceeds from disposition of resource property interests. These uncertainties represent a liquidity risk and may impact the Company's ability to continue as a going concern in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

a) Basis of Preparation

These condensed financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. These financial statements are presented in Canadian dollars.

b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of petroleum and natural gas assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

c) Financial Assets

Financial assets are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Accounts receivables are included in this category of financial assets.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Available-for-sale assets include investment in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Financial assets at fair value through profit or loss

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

d) Impairment of Financial Assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at each period end.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

e) Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Accounts payable are included in this category of financial liabilities.

f) Exploration and Evaluation Properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related property and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

g) Property, plant and equipment

Items of property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses, net of reversals. Development and production assets are grouped into cash generating units for impairment testing. When significant parts of an item of property, plant and equipment, including oil and gas interests, have different useful lives, they are accounted for as separate items.

Gains and losses on the disposal of an item of property, plant and equipment, including oil and gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net in profit or loss.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and gas development and production assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and gas assets generally represent costs incurred in developing proven and/or probable reserves and bringing on or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of petroleum and natural gas properties are recognized in profit or loss as incurred.

The net carrying value of oil and gas development and production assets is depreciated using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, including estimated future development costs. Future development costs are estimated taking into account the level of development required to bring reserves into production. These estimates are reviewed by independent reserve engineers at least annually. Changes in estimates such as quantities of proved and probable reserves that affect unit-of-production calculations are applied on a prospective basis.

h) Impairment

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Decommissioning Liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets or petroleum and natural gas assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the asset it relates to.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

j) Joint Arrangements

Substantially all of the Company's oil and gas exploration and development activities involve jointly controlled assets; accordingly, the financial statements reflect only the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

k) Revenue Recognition

Oil and natural gas revenues are recorded when title passes, the amount is determinable and collection is reasonably assured.

l) Per Share Information

Basic per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options.

m) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

n) Income Taxes

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

o) Flow-through Shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

p) New Accounting Standards and Interpretations Not Yet Adopted

IFRS 9, "Financial Instruments"
IFRS 7 (Amendment), "Financial Instruments: Disclosure"
IAS 12 (Amendment), "Income Taxes"
IFRS 10, "Consolidated Financial Statements"
IFRS 11, "Joint Arrangements"
IFRS 12, "Disclosure of Interests in Other Entities"
IFRS 13, "Fair Value Measurement"
IAS 27 (Amendment), "Separate Financial Statements"
IAS 28 (Amendment), "Investments in Associates and Joint Ventures"

The Company anticipates that the application of these standards and amendments will not have a material impact on the results and financial position of the Company.

3. PROPERTY, PLANT AND EQUIPMENT

			Net book value	
	Cost $	Accumulated depletion and depreciation $	September 30, 2011 $	June 30, 2011 $
Petroleum and natural gas properties	711,751	(412,163)	299,588	348,409
Decommissioning costs	22,181	(12,907)	9,274	10,865
	733,932	(425,070)	308,862	359,274

Pursuant to an agreement dated July 5, 2010, the Company entered into a farm-out agreement with Western Plains Petroleum Ltd. ("Western Plains"). Under the agreement, the Company agreed to spud one test well in the Lloydminster area of western Saskatchewan, Canada. The Company pays 100% of the costs to drill, complete and equip or abandon the test well to earn a 100% working interest before payout subject to a 10% convertible overriding royalty and a 50% working interest after payout, upon conversion of the overriding royalty. The Company has no option to drill post-earning wells under the farm-out agreement. Western Plains is the operator of the test well. The well reached payout at the end of April 2011.

Pursuant to an agreement dated October 15, 2010, the Company entered into a sub-participation agreement with Alberta Star Development Corp. ("Alberta Star"), a company with common directors, to participate in two producing wells in Landrose, Saskatchewan, Canada. Alberta Star holds a 50% working interest in these two wells. The Company agreed to pay 100% of Alberta Star's share of the cost to drill complete, and equip or abandon the test wells to earn a 50% net before payout, reserving to Alberta Star a convertible overriding royalty of 10% until payout. The Company has no option to drill post-earning wells under the sub-participation agreement. Western Plains will be the operator of the test wells. One of the two wells reached payout at the end of March 2011.

Decommissioning Liabilities

The total decommissioning liabilities was estimated by management based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows required settling the decommissioning liabilities is estimated to be $25,000 (June 30, 2011 - $25,000, July 1, 2010 - $Nil) and is expected to be incurred between 2018 to 2029 and will be funded from general corporate resources at the time of the retirement. The present value of the decommissioning liabilities was calculated using an inflation rate of 2% and discounted using a rate of 5%.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the decommissioning liabilities related to the Company's petroleum and natural gas properties:

	September 30, 2011 $	June 30, 2011 $
Decommissioning liabilities, beginning	23,290	-
Liabilities incurred	-	22,181
Accretion	291	1,109
Decommissioning liabilities, ending	23,581	23,290

4. EXPLORATION AND EVALUATION PROPERTIES

Pursuant to an agreement dated May 25, 2006, the Company acquired a 100% interest in certain mineral exploration claims, located near Great Bear Lake, Northwest Territories, known as the Lever Lake Uranium Property. During the year ended June 30, 2010, the Company wrote off $230,753 in mineral property costs as it did not intend to pursue further exploration.

Pursuant to an agreement dated December 9, 2009, the Company has the right to earn a 60% interest in certain mineral exploration claims, located near Sonora, Mexico, known as the Santa Lucia Gold and Silver Property. In order to earn this interest, the Company had to pay US$25,000 (paid), issue an aggregate of 750,000 (150,000 issued) common shares and spend US$1,000,000 on the Property within a four year period. On September 14, 2010, the Company terminated the agreement and related costs of $142,436 were written off during the year ended June 30, 2010.

5. RELATED PARTY TRANSACTIONS

On April 1, 2006, the Company entered into a management agreement with a director of the Company. The management agreement was for an initial term of one year with a monthly remuneration of $3,500, commencing April 1, 2006 and continuing thereafter from month to month until terminated. Effective December 1, 2010, the Company increased the monthly remuneration to $6,500 per month. Management fees of $19,500 (September 30, 2010 - $10,500) have been recorded for the period ended September 30, 2011.

Effective December 1, 2010, the Company agreed to pay $1,500 per month to the Chief Financial Officer for accounting services. Professional fees of $4,500 (September 30, 2010 - $Nil) have been recorded for the period ended September 30, 2011.

Effective December 1, 2010, the Company agreed to pay $2,500 per month to the Vice-President of Corporate Development. Consulting fees of $7,500 (September 30, 2010 - $Nil) have been recorded for the period ended September 30, 2011.

Effective April 1, 2011, the Company agreed to pay $2,000 per month to a director. Director fees of $6,000 (September 30, 2010 - $Nil) have been recorded for the period ended September 30, 2011.

During the period ended September 30, 2011, the Company paid consulting fees of $Nil (September 30, 2010 - $10,000) to a former director.

At September 30, 2011, the Company had a receivable of $22,107 (June 30, 2011 - $33,669, July 1, 2010 - $Nil) from a company with common directors for the net production revenue in two producing wells in Landrose, Saskatchewan. The amount receivable is unsecured, non-interest bearing and has no fixed term of repayments. The Company received the $22,107 subsequent to September 30, 2011.

All related party transactions are in the normal course of operations and measured at the exchange amount agreed to between the related parties.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

In December 2010, the Company completed a flow-through private placement for 560,000 units at a price of $0.25 per unit. Each unit comprises of one flow-through common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional non flow-through common share at a price of $0.35 per share for a period of one year. The Company received gross proceeds of $140,000 in connection with this placement. The fair value of the warrants was estimated to be $13,035 and recorded separately (Note 6d). This issuance of flow-through shares resulted in a flow-through share liability of $27,200 at the date of issue. The tax deductions and credits available for the expenditures, amounting to $39,740, were renounced in favour of the subscribers during the year ended June 30, 2011. At September 30, 2011, the Company had not incurred all of the qualified Canadian exploration expenditures and therefore a Part XII.6 tax of $355 was accrued for the $75,000 unused flow through funds and recorded in general and administration expenses.

In December 2010 and January 2011, the Company completed a private placement for 1,425,000 units at a price of $0.20 per unit. Each unit comprises of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.25 per share for a period of one year. The Company received gross proceeds of $285,000 in connection with this placement. Share issuance costs of $34,400 were paid during the period ended June 30, 2011 relating to this private placement. The fair value of the warrants was estimated to be $41,738 and recorded separately (Note 6d).

On May 30, 2011, the Company completed a private placement for 300,000 units at a price of $0.25 per unit. Each unit comprises of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $0.35 per share for a period of two years. The Company received gross proceeds of $75,000 in connection with this placement. Share issuance costs of $1,800 were paid during the year ended June 30, 2011 relating to this private placement. The fair value of the warrants was estimated to be $13,059 and recorded separately (Note 6d).

c) Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors when the number of shares that may be purchased under that option and all previously granted options, does not exceed 10% of the Company's issued shares at the time of grant. The exercise price of the options granted will be no less than the fair market value per share of common shares on the option grant date; and the maximum term of the options will be five years measured from the option grant date.

A summary of the Company's stock options at September 30, 2011, June 30, 2011 and July 1, 2010 is presented below:

	Number of shares	Weighted average exercise price - $ -
Balance, July 1, 2010	1,105,000	0.23
Expired	(100,000)	0.20
Cancelled	(100,000)	0.20
Balance, June 30, 2011 and September 30, 2011	905,000	0.24

Additional information regarding options outstanding as at September 30, 2011 is as follows:

Options outstanding - # -	Options exercisable - # -	Weighted average exercise contractual life - years -	Expiry date	Exercise price - $ -
755,000	755,000	1.74	June 25, 2013	0.25
150,000	150,000	1.28	January 7, 2013	0.20
905,000	905,000	1.66		

The fair value of $Nil (September 30, 2010 - $844) estimated using the Black-Scholes option pricing model, was expensed during the three month period ended September 30, 2011.

d) Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of shares	Weighted average exercise price - $ -	Expiry date	Weighted average contractual life - years -
Balance, July 1, 2010	4,500,000	0.27		0.73
Issued with private placement	130,000	0.35	December 22, 2011	0.23
Issued with private placement	150,000	0.35	December 30, 2011	0.25
Issued with private placement	330,000	0.25	December 22, 2011	0.23
Issued with private placement	382,500	0.25	January 7, 2012	0.27
Issued with private placement	300,000	0.35	May 30, 2013	1.67
Balance, June 30, 2011 and September 30, 2011	5,792,500	0.28		0.87

On May 3, 2011, the Company extended the expiry date of 1,000,000 share purchase warrants exercisable to purchase one common share of the Company at an exercise price of $0.30 per share from the original expiry date of May 14, 2011 to May 14, 2012. The warrants were issued in May 2008 in connection with a non-brokered private placement financing with an original term of three years. A fair value increase of $48,188 was recorded as financing cost resulting from this extension estimated using the Black-Scholes option pricing model with an expected life of one year, interest rate of 1.41%, a dividend yield of 0% and expected volatility of 100%.

During the year ended June 30, 2011, 130,000 warrants were issued pursuant to a private placement of 260,000 Units. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.35 per share on or prior to December 22, 2011. The fair value of these warrants at the date of grant were estimated to be $4,708, using the Black-Scholes option pricing model with an expected life of one year, interest rate of 1.66%, a dividend yield of 0% and expected volatility of 100%.

During the year ended June 30, 2011, 150,000 warrants were issued pursuant to a private placement of 300,000 Units. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.35 per share on or prior to December 30, 2011. The fair value of these warrants at the date of grant was estimated to be $8,328, using the Black-Scholes option pricing model with an expected life of one year, interest rate of 1.70%, a dividend yield of 0% and expected volatility of 100%.

During the year ended June 30, 2011, 330,000 warrants were issued pursuant to a private placement of 660,000 Units. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.25 per share on or prior to December 22, 2011. The fair value of these warrants at the date of grant was estimated to be $17,219, using the Black-Scholes option pricing model with an expected life of one year, interest rate of 1.66%, a dividend yield of 0% and expected volatility of 100%.

During the year ended June 30, 2011, 382,500 warrants were issued pursuant to a private placement of 765,000 Units. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.25 per share on or prior to January 7, 2012. The fair value of these warrants at the date of grant was estimated to be $24,518, using the Black-Scholes option pricing model with an expected life of one year, interest rate of 1.69%, a dividend yield of 0% and expected volatility of 100%.

During the year ended June 30, 2011, 300,000 warrants were issued pursuant to a private placement of 300,000 Units. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.35 per share on or prior to May 30, 2013. The fair value of these warrants at the date of grant was estimated to be $13,059, using the Black-Scholes option pricing model with an expected life of two years, interest rate of 1.51%, a dividend yield of 0% and expected volatility of 100%.

7. COMMITMENT

On December 1, 2008, the Company entered into a five year lease for office premises with the following lease payments to the expiration of the lease on November 30, 2013:

	- $ -
June 30, 2012	14,580
June 30, 2013	19,440
June 30, 2014	8,100
Total	42,120

8. CAPITAL MANAGEMENT

The Company manages its capital structure, which is substantially represented by its cash resources and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned exploration, production activities and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related party loans or private placements of its common shares as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended September 30, 2011.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair values

As at September 30, 2011, the Company's carrying values of cash, accounts receivable and accounts payable approximate their fair values due to their short term maturity.

	Fair value hierarchy	FVTPL, at fair value	Loans and receivables, at amortized cost	Other liabilities, at amortized cost
As at September 30, 2011				
Cash	Level 1	426,652	-	-
Accounts receivable	N/A	-	84,195	-
Accounts payable	N/A	-	-	90,487
As at June 30, 2011				
Cash	Level 1	429,097	-	-
Accounts receivable	N/A	-	120,623	-
Accounts payable	N/A	-	-	166,877
As at July 1, 2010				
Cash	Level 1	363,402	-	-
Accounts receivable	N/A	-	2,950	-
Accounts payable	N/A	-	-	143,767

Disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of financial instruments carried on the balance sheet at fair values is as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability.
Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

b) Management of financial risks

The Company is engaged in the oil and gas exploration and development business and manages related industry risk directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity-based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements. There is no certainty that all environmental risks and contingencies have been addressed.

The Company is exposed in varying degrees to a variety of financial instrument related risks as follows:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and accounts receivable. This risk is managed through the use of a major financial institution which has high credit quality as determined by the rating agencies. Accounts receivable mainly consists of receivables on sale of oil and gas from a national drilling company. Management believes that the credit risk concentration with respect to its accounts receivables is minimal.

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company operates primarily in Canada and is consequently not exposed to foreign exchange risk arising from transactions denominated in foreign currency.

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash account affected by changes in short term interest rates is minimal.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and raising capital through debt and equity financing.

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 1, "First-time Adoption of International Financial Reporting Standards" sets forth guidance for the initial adoption of IFRS. The accounting policies in Note 2 have been applied in preparing the condensed interim financial statements for the three months ended September 30, 2011, the comparative information for the three months ended September 30, 2010, the financial statements for the year ended June 30, 2011 and the preparation of an opening IFRS statement of financial position on July 1, 2010 (the "Transition Date").

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

a) Share-based payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "Share-based Payment" to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the Transition Date. The Company elected not to apply IFRS 2 to equity instruments that vested prior to the Transition Date. This resulted in no difference in share-based payments as at the Transition Date and for the year ended June 30, 2011.

b) Full cost accounting

IFRS 1 provides an exemption for entities that have used the full cost method of accounting under Canadian GAAP. The Company elected to measure oil and gas assets at the Transition Date on the following basis:

(1) Exploration and evaluation assets at the amount determined under Canadian GAAP; and
(2) Assets in the development or production phases at the amount determined for the cost center under Canadian GAAP, allocated to the cost center's underlying assets pro rata using reserve values as at the Transition Date.

The Company had no exploration and evaluation assets as at the Transition Date and for the year ended June 30, 2011.

An impairment test was completed for each cash-generating unit as at the Transition Date and no impairment loss was recorded.

c) Decommissioning provision

IFRS 1 requires entities that have taken advantage of the full cost accounting election discussed in Note 10(b) to measure their decommissioning liabilities on transition under IAS 37, "Provision, contingent liabilities and contingent assets" and to treat any difference between this amount and the amount recognized under Canadian GAAP as an adjustment to retained earnings or deficit.

Under Canadian GAAP, "asset retirement obligations" were measured based on the estimated cost of decommissioning, discounted to their net present value, using credit-adjusted risk-free rate, upon initial recognition.

Under IAS 37, decommissioning liabilities will continue to be discounted using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the obligation. The liability is required to be re-measured based on changes in estimates including discount rates.

There were no differences in decommissioning liabilities as at the Transition Date and for the year ended June 30, 2011.

d) IFRS mandatory exception

In accordance with IFRS 1, the Company's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP unless there is objective evidence that those estimates were in error. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

Set forth below are other differences in accounting between Canadian GAAP and IFRS:

e) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, "Flow-through Shares". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference recorded as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital and an increase in deficit of $12,500 as at the Transition Date and a further increase in share capital and a decrease in deferred tax recovery of $12,540 for the year ended June 30, 2011.

In addition, during the year ended June 30, 2010, the Company accrued an indemnification loss of $37,500 for the loss of tax credits to the flow-through investors as a reduction in share capital. During the year ended June 30, 2011, the Company recorded an adjustment to the indemnification loss by increasing the share capital by $16,400. On transition to IFRS, the Company reclassified its indemnification loss to deferred tax expense.

f) Depletion and depreciation

Under Canadian GAAP, the full cost pool was depleted as one unit on a unit-of-production basis over proven reserves. Under IFRS, the Company depletes petroleum and natural gas interests on a unit of production basis over proven plus probable reserves. In addition, depletion is calculated at an individual component level.

The change in accounting policy related to depletion and depreciation resulted in an increase in petroleum and natural gas properties with a corresponding decrease in depletion and depreciation of $53,717 for the year ended June 30, 2011, of which $29,869 was adjusted for the three months ended September 30, 2010.

g) Reclassification within equity

Under Canadian GAAP, “Contributed surplus” was used to record the issuance of warrants and stock options for the year ended June 30, 2011. Upon adoption of IFRS, the balances in “Contributed surplus” as at June 30, 2011 have been reclassified to “Stock option reserve” and “Warrants reserve”.

Reconciliation of the Statement of Financial Position as at July 1, 2010

	Notes	Canadian GAAP	Adjustments	IFRS
ASSETS				
Current				
Cash		363,402	-	363,402
Accounts receivable		2,950	-	2,950
Prepaid expense		7,683	-	7,683
		374,035	-	374,035
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities		143,767	-	143,767
Equity				
Share capital	10(e)	963,221	50,000	1,013,221
Stock options reserve		152,594	-	152,594
Warrants reserve		192,740	-	192,740
Deficit	10(e)	(1,078,287)	(50,000)	(1,128,287)
		230,268	-	230,268
		374,035	-	374,035

Reconciliation of the Statement of Financial Position as at June 30, 2011

	Notes	Canadian GAAP	Adjustments	IFRS
ASSETS				
Current				
Cash		429,097	-	429,097
Accounts receivable		120,623	-	120,623
Prepaid expense		15,263	-	15,263
		564,983	-	564,983
Property, plant and equipment	10(f)	305,557	53,717	359,274
		870,540	53,717	924,257
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities		166,877	-	166,877
Decommissioning liabilities		23,290	-	23,290
		190,167	-	190,167
Equity				
Share capital	10(e)	1,335,849	46,140	1,381,989
Contributed surplus	10(h)	462,324	(462,324)	-
Stock options reserve	10(h)	-	153,564	153,564
Warrants reserve	10(h)	-	308,760	308,760
Deficit	10(e),(f)	(1,117,800)	7,577	(1,110,223)
		680,373	53,717	734,090
		870,540	53,717	924,257

Reconciliation of the Statement of Financial Position as at September 30, 2010

	Notes	Canadian GAAP	Adjustments	IFRS
ASSETS				
Current				
Cash		159,824	-	159,824
Accounts receivable		5,978	-	5,978
Prepaid expense		5,183	-	5,183
		170,985	-	170,985
Property, plant and equipment	10(f)	206,205	29,869	236,074
		377,190	29,869	407,059
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities		122,002	-	122,002
Decommissioning liabilities		12,500	-	12,500
		134,502	-	134,502
Equity				
Share capital	10(e)	963,221	50,000	1,013,221
Stock options reserve		153,438	-	153,438
Warrants reserve		192,740	-	192,740
Deficit	10(e),(f)	(1,066,711)	(20,131)	(1,086,842)
		242,688	29,869	272,557
		377,190	29,869	407,059

Reconciliation of the Statement of Loss and Comprehensive Loss for the Year Ended June 30, 2011

	Notes	Canadian GAAP	Adjustments	IFRS
Petroleum revenue		1,353,731	-	1,353,731
Operating expenses				
Petroleum royalties		415,135	-	415,135
Petroleum production and transportation		203,256	-	203,256
Depletion and depreciation	10(f)	426,664	(53,717)	372,947
		1,045,055	(53,717)	991,338
Net petroleum production revenue		308,676	53,717	362,393
Administrative expenses				
Accretion		1,109	-	1,109
Consulting fees		90,615	-	90,615
Director fees		6,000	-	6,000
Financing fees		48,188	-	48,188
Filing fees		46,150	-	46,150
General and administration		3,063	-	3,063
Management fees		63,000	-	63,000
Professional fees		108,945	-	108,945
Promotion		400	-	400
Rent		19,489	-	19,489
Stock-based compensation		970	-	970
		(387,929)	-	(387,929)
Loss before income taxes		(79,253)	53,717	(25,536)
Deferred tax recovery	10(e)	39,740	3,860	43,600
Net and comprehensive income (loss)		(39,513)	57,577	18,064

Reconciliation of the Statement of Loss and Comprehensive Loss for the Three Months Ended September 30, 2010

	Notes	Canadian GAAP	Adjustments	IFRS
Petroleum revenue		246,917	-	246,917
Operating expenses				
Petroleum royalties		64,405	-	64,405
Petroleum production and transportation		34,915	-	34,915
Depletion and depreciation	10(f)	99,590	(29,869)	69,721
		198,910	(29,869)	169,041
Net petroleum production revenue		48,007	29,869	77,876
Administrative expenses				
Consulting fees		16,667	-	16,667
Filing fees		2,291	-	2,291
General and administration		1,270	-	1,270
Management fees		10,500	-	10,500
Rent		4,859	-	4,859
Share-based payments		844	-	844
		(36,431)	-	(36,431)
Net and comprehensive income		11,576	29,869	41,445

Reconciliation of the Statement of Cash Flows for the Three Months Ended September 30, 2010

	Notes	Canadian GAAP	Adjustments	IFRS
Cash flows from operating activities				
Net profit (loss)	10(f)	11,576	29,869	41,445
Non-cash items				
Share-based payments		844	-	844
Petroleum depletion and accretion	10(f)	99,590	(29,869)	69,721
Change in non-cash working capital items:				
Accounts receivable		(41,824)	-	(41,824)
Prepaid expense		2,500	-	2,500
Accounts payable and accrued liabilities		(32,659)	-	(32,659)
Net cash provided by operating activities		40,027	-	40,027
Cash flows used in investing activities				
Purchase of petroleum and natural gas properties		(243,605)	-	(243,605)
Net cash used in investing activities		(243,605)	-	(243,605)
Decrease in cash		(203,578)	-	(203,578)
Cash, beginning		363,402	-	363,402
Cash, ending		159,824	-	159,824

11. SUBSEQUENT EVENT

The following event occurred from September 30, 2011 to the date the financial statements were authorized for issuance by the Board of Directors on December 9, 2011.

On December 6, 2011, the Company announced it had entered into a farm-out agreement with Sahara Energy Ltd., Forent Energy Ltd. (as Farmors) and Petrocapita Oil and Gas L.P. (as Farmee together with the Company)**.**

Under the terms of agreement, the Company and Petrocapita have agreed to spud one test well by December 13, 2011 on LSD 4, Section 2-50-2W4M in the Lloydminster area of eastern Alberta. Arctic Hunter and Petrocapita will pay 100% of the costs (50% to Arctic Hunter and 50% to Petrocapita) to drill, complete and equip or abandon the test well to earn a 100% working interest (50% to Arctic Hunter and 50% to Petrocapita) subject to an overriding royalty in favour of Forent equal to 6% of gross monthly production from the well until payments of $43,781.85 have been made pursuant to the royalty, afterwhich the royalty will be reduced to 5% and split equally between Forent and Sahara (as to 2.5% each). The test well, which has been licensed, will be a vertical well and is expected to be spudded in the next few days, subject to rig availability and regulatory approvals. Petrocapita will be the operator of the test well. Arctic Hunter's share of drilling completion and equipping costs in connection with the well are expected to be $210,000. Arctic Hunter has no option to drill post-earning wells under the farm-out agreement.

The Company would also like to announce that it proposes to change its name from Arctic Hunter Uranium Inc. to Arctic Hunter Energy Inc., subject to TSX Venture Exchange approval.