THIS IS EXHIBIT "K"

Referred to in the Affidavit of Don Umbach

Sworn before me this 6th Day of December, 2013

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

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ALSTON ENERGY INC.

Interim Financial Statements

For the Three and Nine Months ended September 30, 2013

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 interim financial statements of 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 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 auditors.

(signed) *"Dennis Nerland"*
Director

(signed) *"Wayne Babcock"*
Director

Calgary, Alberta, Canada
November 27, 2013

ALSTON ENERGY INC.

Alston Energy Inc.
Condensed Interim Balance Sheets
(unaudited)

		September 30, 2013		December 31, 2012
ASSETS				
Current assets:				
Cash and cash equivalents	$	-	$	-
Trade and other receivables (note 18a)		722,544		947,325
Prepaid expenses and deposits		158,529		92,388
Assets held for sale (note 6)		-		500,000
Derivative contract (note 18c)		-		-
		881,073		1,539,713
Non-current assets:				
Exploration and evaluation assets (note 6)		2,423,963		2,399,830
Property, plant and equipment (note 7)		20,538,875		22,348,988
		22,962,838		24,748,818
Total assets	$	23,843,911	$	26,288,531
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities (note 18b)	$	2,294,365	$	3,176,359
Bank operating loan (note 8)		8,625,450		7,155,005
Loans from related parties (note 9)		347,863		347,863
Current portion of loan payable (note 10)		1,155,349		1,100,000
		12,423,027		11,779,227
Non-current liabilities:				
Loan payable (note 10)		-		524,005
Financial Instruments		228,575		-
Decommissioning obligations (note 11)		4,629,978		5,258,359
Total liabilities	$	17,281,580	$	17,561,591
SHAREHOLDERS' EQUITY				
Share capital (note 12a)		19,811,177		19,995,528
Warrants (note 12b)		2,383,000		2,463,582
Contributed surplus (note 13)		1,742,506		1,341,167
Deficit		(17,374,452)		(15,073,337)
		6,562,231		8,726,940
	$	23,843,811	$	26,288,531

Nature of operations and going concern (note 2)
Commitments (note 15)
Subsequent events (note 21)

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

ALSTON ENERGY INC.

Alston Energy Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
REVENUE				
Oil and natural gas sales	$ 2,127,203	$ 2,151,750	$ 6,093,704	$ 6,393,781
Crown royalties	(60,145)	(70,847)	(210,327)	(129,875)
Other royalties	(188,964)	(155,260)	(524,148)	(465,776)
Revenue, net of royalties	1,878,094	1,925,643	5,359,229	5,798,130
EXPENSES				
Operating	1,294,959	1,017,083	3,500,665	3,109,886
Transportation expense	52,500	94,294	277,613	226,293
General and administrative (note 16)	295,254	939,481	1,103,537	1,989,946
Stock-based compensation (note 12d)	64,599	46,022	186,074	137,024
Exploration and evaluation expense (note 6)	-	-	-	10,263
Depletion and depreciation (note 7)	561,633	1,348,423	1,848,317	2,484,174
	2,268,945	3,445,303	6,916,206	7,957,586
Other income and expenses				
Unrealized (gain) loss on derivative financial instruments (note 14)	170,487	211,836	228,575	62,480
Finance expenses, net (note 18c)	151,496	109,578	454,336	338,974
Realized loss (gain) on derivative contract (note 18c)	127,231	(45,609)	61,227	(91,874)
Loss on settlement of loans	-	-	-	-
	449,214	275,805	744,138	309,580
Loss and comprehensive loss before taxes	(840,065)	(1,795,465)	(2,301,115)	(2,469,036)
TAXES				
Deferred income tax recovery (note 2)	-	-	-	-
Loss and comprehensive loss for the period	(840,065)	(1,795,465)	(2,301,115)	(2,469,036)
INCOME (LOSS) PER SHARE				
Basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)

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

ALSTON ENERGY INC.

Alston Energy Inc.
Condensed Interim Statement of Changes in Shareholders' Equity
(unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance – December 31, 2011	**$ 13,802,944**	**$ 2,463,582**	**$ 1,240,995**	**$ (9,371,505)**	**$ 8,136,016**
Stock-based compensation	-	-	137,024	-	137,024
Issue of common shares for services	24,000	-	-	-	24,000
Alston Common shares outstanding at July 17, 2012	4,628,378	-	-	-	4,628,378
Issue of common shares and warrants for property acquisition	3,108,253	141,747	-	-	3,250,000
Shares issued for finder's fee	133,333	-	-	-	133,333
Share issue costs	(133.333)	-	-	-	(133,333)
Shares issued on reverse acquisition	6,168,584	-	-	-	6,168,584
Elimination of Alston Stated value	(7,736,631)	(141,747)	-	-	(7,878,378)
Loss for the period	-	-	-	(2,469,036)	(2,469,036)
Balance September 30, 2012	19,995,528	2,463,582	1,378,019	(11,840,541)	11,996,588
Stock-based compensation	-	-	(36,852)	-	(36,852)
Loss for the period	-	-	-	(3,232,796)	(3,232,796)
Balance – December 31, 2012	**$ 19,995,528**	**$ 2,463,582**	**$ 1,341,167**	**$ (15,073,337)**	**$ 8,726,940**
Shares repurchased under normal course issuer bid	(184,351)	-	134,682	-	(49,669)
Stock-based compensation	-	-	186,074	-	186,074
Transfer to contributed surplus on expired warrants	-	(80,582)	80,582	-	-
Loss for the period	-	-	-	(2,355,583)	(2,355,583)
Balance – September 30, 2013	**$ 19,811,177**	**$ 2,383,000**	**$ 1,742,505**	**$ (17,428,920)**	**$ 6,507,762**

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

ALSTON ENERGY INC.

Alston Energy Inc.
Condensed Interim Statements of Cash Flows
(unaudited)

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Cash provided by (used in):				
OPERATING ACTIVITIES				
Income (loss) for the period	$ (894,533)	$ (1,795,465)	$ (2,355,583)	$ (2,469,036)
Items not affecting cash:				
Unrealized (gain) loss on financial instruments (note 18c)	170,487	211,836	228,575	62,480
Accretion and financing expenses	151,496	109,578	454,336	338,974
Depletion and depreciation (note 7)	561,633	1,348,425	1,848,317	2,484,174
Stock-based compensation	64,599	46,022	186,074	137,024
Cash interest paid	(123,845)	(112,004)	(364,103)	(225,254)
Shares issued for services	-	-	-	24,000
	(70,163)	(191,608)	(2,384)	352,362
Changes in non-cash working capital (note 14)	(42,562)	2,025,565	113,309	(396,515)
	(112,725)	1,833,957	110,925	(44,153)
FINANCING ACTIVITIES				
Increase (decrease) in bank debt	249,772	527,000	1,490,445	2,952,000
Issue of shares	-	-	(69,609)	-
Share Issue costs		(80,000)		(80,000)
Increase (decrease) in loans from related party	-	(80,000)	-	(320 000)
Loan payable	23,061	(1,000,000)	(468,656)	(1,000,000)
Changes in non-cash financing capital (note 14)	-	-	-	-
	272,833	(633,000)	952,180	1,552,000
INVESTING ACTIVITIES				
Property, plant and equipment expenditures	(13,366)	(16,769)	(756,718)	(199,378)
Exploration and evaluation expenditures	-	(35,321)	(24,133)	(112,969)
Cash acquired in reverse acquisition		1,371,407		1,371,407
Changes in non-cash working capital (note 14)	(146,742)	(2,197,476)	(282,254)	(2,260,357)
	(160,108)	(878,159)	(1,063,105)	(1,201,297)
Change in cash and cash equivalents	-	322,798	-	306,550
Cash and cash equivalents, beginning of period	-	19	-	16,267
Cash and cash equivalents, end of period	$ -	$ 322,817	$ -	$ 322,817

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

1. General business description

Alston Energy Inc. ("Alston" or the "Company") is a publicly traded Company incorporated under the laws of Alberta. The Company is engaged in the exploration for and exploitation, development and production of oil and natural gas. The head office, principal address and registered and records office of the Company are located at 1100, 744 – 4th Avenue S.W. Calgary, Alberta, T2P 3T4.

On July 17, 2012, the Company (formerly CanRock Energy Corp., "CanRock") completed a business combination by way of a Plan of Arrangement whereby all issued and outstanding common shares of CanRock were exchanged for common shares of Alston on the basis of 2.321 Alston common shares for each CanRock common share. The business combination was accounted for as a reverse acquisition of Alston by CanRock, with CanRock being the continuing entity, as the transaction resulted in the issuance of voting common shares such that control of the combined companies passed to the shareholders of CanRock. In conjunction with the transaction, the two companies amalgamated and continued under the name Alston Energy Inc.

These financial statements represent the results of operations of Alston for the three and nine months ended September 30, 2013 combined with the results of operations of Alston since the reverse acquisition.

2. Basis of presentation

(a) Statement of compliance

These interim financial statements present the Company's results of operations and financial position as at and for the three and nine months ended September 30, 2013 and they are unaudited. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Interpretations Committee ("IFRIC"). The interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2012.

These financial statements were authorized for issuance by the Board of Directors on November 27, 2013.

(b) Going concern

The financial statements have been prepared using accounting principles that are applied to a going concern. As at and for the nine month period ended September 30, 2013, the Company had an accumulated deficit of $17.4 million (December 31, 2012 - $15.1 million), a working capital deficiency of $11.5 million (December 31, 2012 - $10.2 million), cash flow from operating activities of $0.1 million (December 31, 2012 – negative $0.9 million) and incurred a net loss of $2.36 million. In order to improve the Company's working capital position, the Company may need to adjust its exploration and development activities, monetize certain assets, issue shares and/or seek additional debt financing. Management will attempt to raise capital and monetize assets but there is no certainty that they will be able to do so in the current market conditions. The aforementioned circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See also notes 18(b) and 19.

(c) *Basis of measurement:*

These financial statements have been prepared on a historical cost basis, except for the financial instruments. The methods used to measure fair values of these financial instruments are discussed in note 4.

(d) *Functional and presentation currency:*

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) *Use of estimates and judgments:*

The preparation of the financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these financial statements are as follows:

Valuation of exploration and evaluation assets

The value of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, which in turn, is dependent on future petroleum and natural gas prices, future capital expenditures and environmental and regulatory restrictions.

Recoverability of property plant and equipment

The recoverability of carrying values for oil and natural gas properties is assessed at a cash generating unit ("CGU") level. Determination of what constitutes a CGU is subject to management judgments. The asset composition of a CGU can directly impact the recoverability of the assets included therein. The key estimates used in the determination of cash flows from oil and natural gas reserves include the following:

- Reserves: Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

- Oil and natural gas prices: Forward price estimates are used in the Company's reserve evaluation. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchange rates, weather, and economic and geopolitical factors.

- Discount rate: The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

- The Company's reserve estimates are evaluated annually pursuant to the parameters and guidelines stipulated under *National Instrument 51-101 – Standard of Disclosure for Petroleum and Gas Activities.*

Depletion and depreciation

Amounts recorded for depletion and depreciation are based on estimates of total proved and probable oil and natural gas reserve volumes and future development capital. By their nature, the estimates of reserve volumes are subject to measurement uncertainty.

Decommissioning obligations

Amounts recorded for decommissioning obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of decommissioning expenditures. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of collectability and provisions for doubtful accounts.

Fair value of derivative contracts

The estimated fair value of derivative contracts resulting in financial assets and liabilities, are subject to measurement uncertainty as it requires management to select assumptions based on current market conditions.

Stock options and warrants

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the Company's share price, market price of the Company's shares at the grant date, expected lives of the options, expected dividends and other relevant assumptions.

Income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Company utilizing certain tax pools and assets, which in turn, is dependent on estimates of proved and probable reserves, production rates, future petroleum and natural gas prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and interpretation by taxation authorities.

Flow-through share premium

The amounts recorded for the flow-through share premium on flow-through shares and the related deferred income tax effect are based on management's estimates of the estimated market value of the Company's shares on the date of issuance of the flow-through common shares.

Business combinations

The acquisition method of accounting for business acquisitions requires that the identifiable assets and liabilities be measured at fair value. Judgement is required in selecting key assumptions in these measurements due to limited active markets for certain assets and liabilities. The fair values recorded for business combinations are based on initial information and may be subject to change once final closing adjustments are determined.

3. Significant accounting policies

The Company's accounting policies are set out and described in Note 3 to the December 31, 2012 audited financial statements. Those accounting policies have been applied consistently to all periods presented in these interim financial statements except as follows:

a) *Fair value measurements*

The Company adopted IFRS 13, "Fair Value Measurement" ("IFRS 13") effective January 1, 2013. IFRS 13 provides a consistent and less complex definition of fair value and establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement.

Adoption of this standard had no material impact on the Company's financial statements.

b) *Reporting entity*

The Company adopted IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12") and amendments to both IAS 27, "Consolidated and Separate Financial Statements" and IAS 28, "Investments in Associates" effective January 1, 2013.

IFRS 10 creates a single consolidation model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangements by focusing on the rights and obligations of the arrangement and limits the application of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint arrangements, associates and special purpose vehicles.

Adoption of these standards and amendments had no material impact on the Company's financial statements.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment and exploration and evaluation assets

The fair value of property, plant and equipment and exploration and evaluation assets acquired or recognized in a business combination, is based on market values. The market value of property, plant and equipment and exploration and evaluation assets is the estimated amount for which the assets could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing; wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of oil and natural gas interests (included in property, plant and equipment) and intangible exploration assets is normally estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions. The market value of other items of property, plant and equipment is based on the quoted market prices for similar items.

(b) Accounts receivable, accounts payable and accrued liabilities, loans payable and bank debt

The fair value of accounts receivable, accounts payable and accrued liabilities, loans payable, bank operating loan and loan from related parties is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At September 30, 2013 and December 31, 2012, the fair value of these balances approximated their carrying value due to their short term to maturity or in the case of loans payable, bank operating loan and loans from related parties, the fair value approximates its carrying value as they bear interest at floating rates or the premium charged on fixed rate debt instruments is indicative of the Company's current credit premium.

(c) Stock options

The fair value of employee stock options is measured using a Black Scholes option pricing model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

(d) Financial instruments measured at fair value:

Alston classifies the fair value of these financial instruments measured at fair value according to a hierarchy based on the amount of observable inputs used to value the instrument The fair value of any financial derivatives, including commodity contracts, are determined by discounting the difference between the contracted prices and published forward price curves as at the balance sheet date, using the remaining contracted petroleum and natural gas volumes and a risk-free interest rate adjusted for the Company's non-performance risk and the non-performance risk of the counterparty.

The significance of inputs used in the making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, which can be substantially observed or corroborated in the marketplace. Level 3 valuations are based on inputs that are unobservable and significant to the fair value measurement.

Cash and cash equivalents are measured at fair market value based on their Level 1 designation. Deposits and any outstanding derivative financial instruments, including commodity contracts, are measured at the fair value based on a Level 2 designation.

The fair value of forward contracts is determined by discounting the difference between the contracted price and published forward price curves as at the reporting date, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates). The fair value of options is based on option models that use published information with respect to volatility, prices and interest rates.

5. Acquisitions

2012 Acquisitions

On July 17, 2012, in conjunction with the CanRock acquisition outlined below, the Company acquired oil and gas assets located in the Newton area of Alberta ("Newton Acquisition") for total consideration of $3,418,183 in cash and common share units of the Company.

Net assets acquired	
Property, plant and equipment	$ 4,828,936
Exploration and evaluation assets	384,592
Decommissioning obligations	(1,795,345)
	$ 3,418,183
Consideration	
Common share units (note 12)	$ 3,250,000
Cash	168,183
	$ 3,418,183

On July 16, 2012, the Company completed the reverse acquisition with CanRock Energy Corp. ("CanRock") whereby all issued and outstanding common shares of CanRock were exchanged for common shares of Alston. Alston issued 103,287,136 common shares in conjunction with the arrangement.

The transaction had been accounted for as a reverse acquisition of Alston by CanRock, with CanRock being the continuing entity as the transaction resulted in the issuance of voting shares such that control of the combined companies passed to the shareholders of CanRock. The total share consideration was valued at $6,168,584, based on the estimated fair value market value of the Alston common shares outstanding immediately prior to the reverse acquisition. The fair market values assigned to the net assets acquired from the Company, which includes the net assets acquired as part of the Newton acquisition, were as follows:

Cash and cash equivalents	$ 1,371,407
Prepaid expenses and deposits	18,759
Accounts receivable	167,273
Exploration and evaluation	653,459
Property and equipment	6,515,516
Accounts payable and accrued liabilities	(147,384)
Loans from related parties	(347,863)
Decommissioning obligations	(2,062,583)
	$ 6,168,584

Transaction costs of $353,984 were charged to general and administrative expenses.

The accounting for the reverse acquisition and allocation to the net assets acquired was based on preliminary information and was subject to final closing adjustments.

CanRock had stock options and warrants outstanding at the date of the business combination which were exercisable to acquire the equivalent number of Alston common shares. No value was ascribed to the stock options and warrants at the close of the amalgamation as the fair value calculated using the Black-Scholes option pricing model, was determined to be nominal.

As of the closing date of the acquisition, Alston had tax pools and deductions available to reduce future taxable income in excess of the fair values assigned to the assets and liabilities acquired. Management evaluated the estimated future cash flows and determined that future realization of these tax pools and deductions was not probable as of the acquisition date, and accordingly, no deferred tax amount was recognized.

The acquisition was a non-cash transaction paid by common shares of the Company and, therefore, has been excluded from the statement of cash flows. The accounts of the Company include the results of Alston from July 17, 2012 onward. Alston and CanRock were also amalgamated on July 17, 2012.

The operations attributable to the acquisitions are not managed as separate business units or divisions and general business overhead and other costs are not allocated or identified on a specific entity basis. Any such allocation would be arbitrary and would require significant assumptions and estimates of management's intent during those periods.

6. *Exploration and evaluation assets*

	September 30, 2013	December 31, 2012
Balance - beginning of period	$ 2,399,830	$ 3,164,399
Additions	24,133	132,340
Transfer to exploration and evaluation expenses	-	(448,501)
Acquisitions (note 5)	-	653,459
Impairment (expense) recovery	-	(1,101,867)
Balance - end of period	**$ 2,423,963**	**$ 2,399,830**

During the year ended December 31, 2012, the Company incurred costs of $10,263 related to an unsuccessful well drilled in the fourth quarter of 2011, which were charged to exploration and evaluation expenses and included in the calculation of net loss for the year. Also during the year, the Company elected not to complete a JV arrangement to earn a working interest in prospective lands, and the related seismic costs previously incurred to evaluate the lands of $438,238, was also transferred to exploration and evaluation expenses.

During 2012, the Company elected not to incur drilling costs on a specific well related to a farm-in in the Provost area and accordingly was subject to liquidated damages of $500,000. Subsequent to December 31, 2012, to meet that obligation, the Company agreed to transfer the trading rights on seismic related to the farm-in lands in lieu of a cash payment. The Company maintains a working copy of the seismic to be used on future locations on the Company's land and adjacent sections within the area.

Assets held for sale at December 31, 2012 includes the $500,000 of seismic data, which was transferred in May of 2013. An impairment loss of $1,101,867 was recognized on the seismic on the transfer from exploration and evaluation assets to assets held for sale.

7. *Property, plant and equipment*

	Oil and Natural Gas Properties and Equipment	Office Equipment	Total
Cost			
Balance – December 31, 2011	**$ 25,391,455**	**$ 67,360**	**$ 25,458,815**
Cash additions	1,564,718	755	1,565,473
Disposition of assets	(87,985)	-	(87,985)
Acquisitions (note 5)	6,514,892	624	6,515,516
Adjustment on purchase price for acquisition (note 5)	(350,000)	-	(350,000)
Decommissioning obligations (note11)	1,137,051	-	1,137,051
Balance – December 31, 2012	**34,170,131**	**68,739**	**34,238,870**
Cash additions	754,618	2,100	756,718
Decommissioning obligations (note11)	(718,614)	-	(718,614)
Balance – September 30, 2013	**$ 34,206,135**	**$ 70,839**	**$ 34,276,974**
Accumulated depletion and depreciation,			
Balance – December 31, 2011	**$ (8,049,176)**	**$ (38,980)**	**$ (8,088,156)**
Depletion and depreciation for the period	(2,570,000)	(10,280)	(2,580,280)
Impairment	(1,221,446)	-	(1,221,446)
Balance – December 31, 2012	**$ (11,840,622)**	**$ (49,260)**	**$ (11,889,882)**
Depletion and depreciation for the period	(1,843,000)	(5,317)	(1,848,317)
Balance – September 30, 2013	**$ (13,683,622)**	**$ (54,577)**	**$ (13,738,199)**
Net Book Value			
As at December 31, 2012	22,329,509	19,479	22,348,988
As at September 30, 2013	**$ 20,522,513**	**$ 16,262**	**$ 20,538,875**

(a) *Amortization and impairment charges*

As at December 31, 2012, management performed impairment tests of its CGU's and determined that an impairment of $1,221,446 was required for the Company's Newton CGU. (No impairments for any CGU at December 31, 2011.) The impairment was a result of downward reserve revisions as determined by the Company's external reserve evaluators and weakening in oil, natural gas and natural gas liquids forecast prices at December 31, 2012 compared to December 31, 2011.

No impairment tests were carried out for the three and nine month interim periods ending September 30, 2013 with management of the Company assessing no material changes had taken place for the three and nine month periods.

(b) *Future development costs and salvage value*

During the nine month period ended September 30, 2013, an estimated $4,502,900 (December 31, 2012 - $4,652,900) of future development costs associated with proved and probable undeveloped reserves was included in the calculation of depletion and depreciation expense and an estimated $Nil (December 31, 2012 - $Nil) of salvage value of production equipment was excluded.

8. Bank operating loan

At September 30, 2013, the Company had available a $9,000,000 bank revolving, demand operating loan facility bearing interest at the bank's prime rate plus 1.0%. This loan is secured by a floating charge over all assets of the Company. In addition, a $2,500,000 revolving development line of credit (with interest at the bank's prime rate plus 1.5%) is available to the Company. The operating facility agreement includes an adjusted working capital ratio covenant, which is not to fall below 1:1.

At September 30, 2013, $8,625,450 (December 31, 2012 - $7,155,005) was drawn against the operating facility and the Company was not in compliance with the covenant (0.55:1). No amounts were drawn against the development line of credit.

9. Loans from related parties and related party transactions

In January 2011, Alston entered into term loan agreements with management and former directors of Alston for a total of $347,863 (note 5). The notes are due on demand and bear interest at a rate of 7.5% per annum, with the interest payable quarterly. Each loan is secured by a promissory note from the Company.

10. Loan payable

In connection with the financing of the 2011 acquisition (see note 5), the Company issued a $3,417,865 non-interest bearing loan payable to the property seller. The loan was recognized at the acquisition date fair value of $3,133,065, which was determined using an effective interest rate of 6% per annum. The loan is secured by a floating charge over the acquired properties, and is subordinated to amounts outstanding under the bank operating loan.

The loan was due to be repaid August 22, 2012. At August 2, 2012 the parties agreed to reduce the outstanding loan balance by $350,000 due to land title deficiencies and extend the maturity date for repayment of the outstanding balance. The Company made a principal repayment of $1,000,000 on August 21, 2012 and made further principal and interest quarterly payments of $275,000 on March 15 and June 15, 2013 respectively. The September 15th quarterly payment was suspended pending the Company's review of its strategic alternative process. The remaining outstanding amount bears interest at 8% per annum.

11. *Decommissioning obligations*

	Nine months ended September 30, 2013	Year ended December 31, 2012
Obligation, beginning of period	$ 5,258,359	$ 1,978,536
Liabilities acquired in year (note 5)	-	2,062,583
Liabilities incurred in the year	-	92,471
Revision of estimates	(718,614)	1,044,580
Obligation expenditures	-	-
Accretion expense	90,233	80,189
Obligation, end of period	$ 4,629,978	$ 5,258,359

The Company has estimated the net present value of the decommissioning obligations to be $4,629,978 as at September 30, 2013 (December 31, 2012 - $5,258,359) based on an undiscounted total future liability of $8,302,773 (December 31, 2012 - $8,302,773). These payments are expected to be made at various dates over the next thirty years with the majority of costs to be incurred between 2031 and 2033. A risk free rate of 3.07% (December 31, 2012 – 2.4%) and an inflation rate of 2.0% (December 31, 2012 - 2.0%) was used to calculate the net present value of the decommissioning obligations.

12. *Share capital*

The Company has authorized an unlimited number of common shares. The outstanding share capital is as follows:

a) *Common shares, issued and outstanding:*

	Number of shares	Amount
Balance at December 31, 2011	44,301,135	$ 13,802,944
Issue of shares for services	200,000	24,000
Alston common shares outstanding, July 17 2012 (note 5)	38,685,842	4,628,328
Elimination of CanRock shares on reverse acquisition	(44,501,135)	-
Shares issued for property acquisition (note 5)	21,666,667	3,108,253
Shares issued for finder's fee (note 5)	1,333,333	133,333
Share issue costs	-	(133,333)
Shares issued on reverse acquisition (iv)	103,287,136	6,168,584
Elimination of Alston stated value	-	(7,736,581)
Balance at December 31, 2012	164,972,798	$ 19,995,528
Repurchased under normal course issuer bid	(1,521,000)	(184,351)
Balance at September 30, 2013	163,451,798	$ 19,811,177

In the nine month period ended September 30, 2013, 1,521,000 common shares of the Company were acquired under the normal course issuer bid announced November 22, 2012 ("the Bid") at an average price of $0.033 per common share, for total consideration of $49,671. $184,351 was recorded against share capital based on the weighted average stated value of $0.121 per common share. The gain on repurchasing the Company's common shares to their stated value was recorded to contributed surplus. It is expected that the Bid will continue until November 26, 2013 or such date as the Company has purchased the maximum 4,124,324 common shares under the Bid.

In July 2012, the Company paid in $168,183 cash and issued 21,666,667 common share units at a deemed price of $0.15 per unit to the vendor in exchange for certain producing and non-producing properties in the Newton area of Alberta, for a total purchase price of $3,418,183 (note 5). Each unit consists of one common share of Alston and one-half of one common share purchase warrant entitling the vendor to acquire one common share of the Company at a price of $0.20 per common share on or before January 16, 2014. The valued assigned to the warrants as determined by the Black-Scholes model, was $141,747 and treated as share issue costs. Assumptions used in the Black-Scholes model were a risk free rate of 0.97%, an 18 month life and a volatility of 68%. A cash commission of $80,000 and 1,333,333 shares were issued to brokers as a finder's fee upon closing of the transaction.

On July 17, 2012 the Company completed the reverse acquisition with CanRock whereby all issued and outstanding common shares of CanRock were exchanged for common shares of Alston. Alston issued 103,287,136 in conjunction with the arrangement (see also note 5).

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b) *Common share purchase warrants:*

Warrants	Exercise price	Number of warrants	Amount
Balance at December 31, 2011		21,755,257	$ 2,463,582
Elimination of CanRock warrants on reverse acquisition		(21,755,257)	-
Alston warrants outstanding July 17, 2012	$ 0.21	8,373,056	-
Warrants issued on property acquisition(a)(iii)	$ 0.20	10,833,334	141,747
CanRock warrants converted	$ 0.31	50,493,952	-
Reverse acquisition transactions		-	(141,747)
Balance as at December 31, 2012		69,700,342	$ 2,463,582
Expired warrants		(1,989,543)	(80,582)
Balance as at September 30, 2013		67,710,799	$ 2,383,000

- In January 2012, 3,492,000 warrants expired unexercised.
- In June 2012, 1,388,200 warrants expired unexercised.

c) *Stock options:*

The Company has an option plan that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options are granted based on market price on the date of grant with vesting dates set at the discretion of the Board of Directors. The maximum option term is 10 years.

All outstanding CanRock options were converted to Alston options at the conversion ratio and became exercisable immediately upon completion of the reverse acquisition and remained exercisable for 90 days thereafter. These options have since expired without exercise. 785,000 Alston options also expired during the year without any being exercised

The number and weighted average exercise price of stock options as at and during the years ended December 31, 2012 and September 30, 2013 are as follows:

	Number of Options	Weighted average exercise price	Options Exercisable
Balance at December 31, 2011	2,590,000	$0.38	1,295,000
Alston options outstanding July 17, 2012	1,719,675	$0.17	
CanRock options expired	(2,590,000)	$0.38	
Alston options expired	(785,000)	$0.15	
Balance at December 31, 2012	934,675	$0.19	884,675
Options granted, January 8, 2013	12,700,000	$0.10	-
Balance at September 30, 2013	13,634,675	$0.11	884,675

Pursuant to the plan of arrangement all CanRock options expired 90 days after the amalgamation.

d) *Stock-based compensation:*

The Company accounts for its stock options granted to employees, officers, and directors using the fair value method. In accordance with the Company's incentive stock plan, these options have an exercise price equal to the fair value of the security at the date of grant. The compensation amount that has been charged against income was $186,074 for the nine month period ended September 30, 2013 (March 31, 2012 - $91,002). 12,700,000 options were granted in the nine month period ended September 30, 2013. The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2013	2012
Exercise price	$0.10	-
Expected life (years)	5	-
Volatility	124%	-
Forfeiture rate	15%	-
Risk-free rates	1.29%	-
Fair value per option granted during the year	$0.0389	-

e) *Per share amounts:*

The weighted average numbers of shares outstanding for the determination of basic and diluted per share amounts are as follows:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Basic	163,451,798	142,019,693	163,658,787	67,564,217

The total weighted average number of shares outstanding for the nine month periods ended September 30, 2013 and 2012 has been adjusted to reflect the equivalent number of Alston shares issued to CanRock shareholders upon the reverse acquisition transactions. All outstanding options and warrants were excluded from the dilution calculation as they were anti-dilutive.

13. Contributed surplus

A reconciliation of contributed surplus resulting from the prospective stock-based compensation adoption for stock options granted since January 1, 2009 is provided below:

	September 30, 2013	December 31, 2012
Balance, beginning of period	$ 1,341,167	$ 1,240,995
Stock-based compensation expense	186,074	100,172
Transfer in from expired warrants	80,582	-
Gain on repurchase of shares through normal course issuer bid	134,682	-
Balance, end of period	$ 1,742,505	$ 1, 341,167

14. Supplemental cash flow information

Changes in non-cash working capital is comprised of:

	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30, 2013	Nine months ended September 30 2012
Accounts receivable	$ 30,582	$ 19,363	$ 224,784	$ 173,371
Prepaid expenses and deposits	14,787	133,913	(66,141)	110,128
Accounts payable and accrued liabilities	(269,142)	(557,017)	(881,994)	(2,761,276)
	$ (223,773)	**$ (403,741)**	**$ (723,351)**	**$ (2,477,777)**
Related to investing activities	$ (333,062)	$ (386,658)	$ (1,000,868)	$ (2,081,262)
Related to operating activities	109,289	(17,083)	277,517	(379,432)
	$ (223,773)	**$ (403,741)**	**$ (723,351)**	**$ (2,477,777)**

15. Commitments

Under a lease agreement commencing August 1, 2011 and ending September 30, 2013, the Company had committed to a monthly payment of $9,438, including operating costs, for lease of its office space. No future payments are committed to for office rent as the Company is now renting space on a month to month basis.

The Company had entered into a Farm-out Agreement with another party (the "Farmor") to drill one horizontal well and one vertical well (the "Test Wells") on certain farm-out lands in the Provost area of Alberta to earn an interest in the farm-out lands. Both wells were to be spud no later than September 30, 2012. The Company elected not to drill the Test Wells, and the Company is subject to pay $500,000 in liquidation damages to the Farmor. The Farmor has since agreed to accept the trading rights to the 3D seismic over the farm-out lands owned by the Company in lieu of the liquidated damages. The Company retains a working copy of the seismic for corporate purposes. See also note 6.

The Company has flow-through share commitments to incur $1,626,360 before December 31, 2013 related to the April 2012 financings. At September 30, 2013, the Company has incurred $794,027 in qualified expenditures and has $842,333 remaining to spend.

The Company has a joint venture commitment on its Chauvin property with third party partners. The Company is required to pay the first $225,000 of drilling costs on the first well to equalize on project costs already incurred by the partners. At December 31, 2012, $101,421 of this commitment is remaining. The agreement also requires that the Company pay 58.33% of the first $1.2 million of expenditures incurred by the joint venture on land, drilling or seismic to earn a 50% working interest position in the opportunity. At December 31, 2012, $158,000 of the $1.2 million expenditures had been incurred.

16. Key management personnel expenses

Key management personnel include executive officers and non-executive directors. Executive officers were paid compensation and also participate in the Company's stock option program. The executive officers during the periods presented included the Chief Executive Officer, Chief Financial Officer, Vice Presidents of Engineering and Exploration along with Vice President of Corporate Development. Non-executive directors participate in the Corporation's stock option program. Key management personnel compensation included in general and administrative expenses and stock-based compensation expense is as follows:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Salaries and consulting fees	$ 162,500	$ 333,639	$ 487,500	$ 656,264
Stock-based compensation	64,599	46,022	186,074	137,024
Total remuneration	$ 227,099	$ 379,661	$ 673,574	$ 793,288

The Company had 4 employees and 4 consultants and does not capitalize any general and administrative expenses.

17. Finance income and expenses

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Finance (income) expenses:				
Interest on bank debt	$ 87,797	$ 68,161	$245,293	$181,239
Interest on loans payable	23,061		81,345	-
Interest on related party loans	6,576	-	19,514	-
Accretion expense on loan	-	(38,974)		41,604
Accretion expense on decommissioning obligations	27,651	36,548	90,233	72,116
Interest income on bank deposits	-	-	(76)	(95)
Service fees, carrying charges and other	6,411	43,843	18,027	44,110
	$ 151,496	$109,578	$454,336	$338,974

18. Financial instruments and risk management

The Company has exposure to credit, liquidity and market risk. The Company's risk management policies are established to identify and analyze the risks faced by the Company, set appropriate limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

a) *Credit risk:*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers. The Company's receivables consisted of the following:

	September 30, 2013	December 31, 2012
Oil and natural gas marketers	$ 574,750	$ 655,893
Joint venture partners	147,795	187,078
Other trade receivables	-	158,825
	722,544	1,001,796
Allowance for doubtful accounts	-	(54,468)
	$ 722,544	$ 947,328
0 to 30 days	$ 703,962	$ 619,767
31 to 60 days	1,005	113
61 to 90 days	7,203	51,464
Greater than 90 days	10,375	275,984
	$ 722,544	$ 947,328

Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following the month of production. The Company historically has not experienced any collection issues with its oil and natural gas marketers.

Joint venture receivables are typically collected within 90 days of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure being incurred. Risk exists with joint venture partners as disagreements may arise or dry holes may be drilled that increase the potential for non-collection. The Company does not typically obtain collateral from oil and natural gas marketers or joint venture partners. As the operator of properties, Alston has the ability to not allocate production to joint venture partners who are in default of amounts owing.

b) *Liquidity risk:*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The financial liabilities on the balance sheet consist of accounts payable and accrued liabilities, loans payable, loans from related parties and bank operating loan. In addition, the Company has commitments to incur qualifying expenditures under its flow-through share agreements (note 15).

Accounts payable consist of amounts due to trade suppliers relating to office and field operating activities, as well as the Company's acquisition and capital spending program. The Company's payables are typically due within 30 to 60 days of invoicing. At September 30, 2013 the Company considered $1,112,600 (December 31, 2012 - $728,937) of its accounts payable to be past due.

The Company anticipates it will continue to have adequate liquidity to settle its financial liabilities in due course through operating cash flows and its available bank operating loan. However, the Company has a history of generating negative cash flow and will require additional debt or equity finance or additional asset sales to fund ongoing operations and planned capital expenditures.

The Corporation's accounts payable and accrued liabilities as at September 30, 2013 and December 31, 2012 are comprised of the following:

	September 30, 2013	December 31, 2012
Operating and administrative	$ 1,943,802	$ 1,869,588
Capital expenditures	245,139	716,273
Royalties, taxes and other	105,426	590,487
	$ 2,294,366	$ 3,176,359
0 to 30 days	$ 530,203	$ 1,413,575
31 to 60 days	279,399	696,689
61 to 90 days	372,164	337,158
Greater than 90 days	1,112,600	728,938
	$ 2,294,366	$ 3,176,359

c) *Market and commodity risk*

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns, by ensuring that sufficient protection exists to enable the Company to meet budgeted capital expenditures in the event of downward movements in commodity prices

The Company is primarily exposed to market risk in the form of commodity price volatility. The Company uses financial derivatives or forward physical delivery sales contracts to manage the market risk. Effective for the period from April 1, 2011 to December 31, 2012, the Company had hedged 150 barrels per day of oil production under a costless collar hedge, with a floor price of $95 / barrel and a ceiling price of $114.50 / barrel.

Type	Volume	Price per barrel	Commencement date	Termination date
Oil				
Costless Collar (WTI)	150 bbls/d	Floor $95.00 Ceiling $114.50	April 2011	December 2012

During the nine month period ended September 30, 2012, the Company had a realized gain related to this contract in the amount of $91,874. Based on the fair market value of the contract, the Company recorded an unrealized loss of $62,480 at September 30, 2012.

In January of 2013, the Company entered into a costless collar crude oil contract for 75/bbls a day of oil and a fixed swap on 100 bbls/day of oil at a USD WTI price of $98.50/bbl. The financial institution participating in the fixed swap holds an option for 150 Bbls/d at the same USD WTI price of $98.50/bbl for calendar year 2014. The option is to be exercised or declined on or before December 31, 2013.

Type	Volume	Price per barrel	Commencement date	Termination date
Oil				
Costless Collar (WTI)	75 bbls/d	Floor CAN$85.00 Ceiling CAN$98.50	Feb 2013	December 2013
Fixed Swap (WTI)	100 bbls/d	Fixed USD$98.50	Feb 2013	December 2013
Fixed Swap Option (WTI)	150 bbls/d	Fixed USD$98.50	Jan 2014	December 2014

During the nine month period ended September 30, 2013, the Company had a realized loss related to this contract in the amount of $83,391. Based on the fair market value of the contract, the Company recorded an unrealized loss of $247,701 at September 30, 2013.

In May of 2013, the Company entered into a fixed natural gas price swap for 300/gigajoules per day at a Canadian dollar price of $3.47/gj. The index price quoted in the Canadian Gas Price Reporter under the heading Canadian Domestic Gas Prices, NGX AB-NIT Month Ahead Index 7A. The fixed price swap is in place from June 2013 to December 31, 2013.

Type	Volume	Price per gj	Commencement date	Termination date
Natural Gas				
Fixed Swap NGX Month Ahead Index (7A)	300 GJ/d	Fixed CAN$3.47	June 2013	December 2013

During the nine month period ended September 30, 2013, the Company had a realized gain related to this contract in the amount of $22,164. Based on the fair market value of the contract, the Company recorded an unrealized gain of $19,126 at September 30, 2013

d) *Foreign currency risk*
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all of the Company's oil and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. As the effects of foreign exchange fluctuations are embedded in the Company's results, the total effect of foreign exchange fluctuations is not separately identifiable The Company had no material foreign denominated assets or liabilities at September 30, 2013 and December 31, 2012 and no forward exchange rate contracts in place as at or during the nine month period and September 30, 2013 and year ended December 31, 2012.

e) *Interest rate risk*
The Company is exposed to interest rate risk on its outstanding bank debt. The bank debt has a floating interest rate and consequently, changes to interest rates would impact the Company's future cash flows. The Company had no interest rate swaps or hedges at September 30, 2013 or December 31, 2012.

19. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. The Company considers its capital structure to include working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels.

The Company monitors capital based primarily on its net debt to funds from operations ratio as defined in its banking agreement. In calculating this ratio, net debt is defined as outstanding bank debt plus or minus working capital, divided by funds from operations for the most recent calendar quarter, multiplied by four.

Funds from operations are defined as cash flow from operating activities before changes in non-cash working capital. The Company's strategy is to maintain a prudent debt to funds from operations ratio. This ratio may increase at certain times as a result of acquisitions. In order to facilitate the management of this ratio, the Company prepares annual capital expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, actual capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's share capital is not subject to external restrictions; however the bank operating loan is based on oil and natural gas reserves and contains a working capital covenant. The Company has no other externally imposed Capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the next twelve months. There were no changes in the Company's approach to capital management during the period.

20. Contingencies

In 2011, a shareholder of the CanRock had initiated a lawsuit against the Company. Management is of the opinion that the lawsuit is without merit and, therefore, has not accrued any amounts at September 30, 2013 or December 31, 2012.

21. Other subsequent events

In August of 2013 the Company has engaged Sayer Energy Advisors ('Sayer") to assist the Company in reviewing its strategic alternatives. In order to maximize shareholder value, the Board of Directors of Alston has asked Sayer to review all alternatives available to the Company, including a sale of the Company, a recapitalization of the Company, a merger with another entity or a sale of some or all of the assets of the Company. Proposals were to be submitted by October 24, 2013 and the Company is reviewing all options available to formulate a go forward plan.