



## STAMPER OIL & GAS CORP.

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### *Financial Statements*

**June 30, 2020**

(Expressed in Canadian Dollars)

UNIT#168  
4300 NORTH FRASER WAY  
BURNABY, BC, V5J 5J8

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**Adam Kim**

ADAM SUNG KIM LTD.  
CHARTERED PROFESSIONAL ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of  
Stamper Oil & Gas Corp.

### Opinion

I have audited the financial statements of Stamper Oil & Gas Corp. (the "Company"), which comprise the statement of financial position as at June 30, 2020, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' deficiency for the year ended June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of consolidated the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material Uncertainty Related to Going Concern,

I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$86,508 during the year ended June 30, 2020 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$56,070,456 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

### Other Matters

The financial statements for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 29, 2019.

### Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

***"Adam Sung Kim Ltd."***  
Chartered Professional Accountant

UNIT# 168  
4300 NORTH FRASER WAY  
BURNABY, BC V5J 5J8  
September 23, 2020

**Stamper Oil & Gas Corp.**Statement of Financial Position  
(Expressed in Canadian dollars)

	June 30, 2020 \$	June 30, 2019 \$
<hr/>		
Assets		
Current assets		
Cash	383	559
Receivables	3,493	3,320
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Total assets	3,876	3,879
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Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	509,528	428,199
Loan payable (Note 5)	343,826	338,650
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Total liabilities	853,354	766,849
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Shareholders' deficiency		
Share capital	50,361,313	50,361,313
Additional paid-in capital	4,859,665	4,859,665
Deficit	(56,070,456)	(55,983,948)
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Total shareholders' deficiency	(849,478)	(762,970)
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Total liabilities and shareholders' deficiency	3,876	3,879
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NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

CONTINGENCY (Note 8)

SUBSEQUENT EVENTS (Note 13)

APPROVED ON BEHALF OF THE BOARD on September 23, 2020:

*(signed) Bryson Goodwin*  
Bryson Goodwin, Director

*(signed) Barry Hartley*  
Barry Hartley, Director

(The accompanying notes are an integral part of these financial statements)

**Stamper Oil & Gas Corp.**Statement of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

	Year ended	
	June 30, 2020 \$	June 30, 2019 \$
Expenses		
Auditing and legal	19,462	19,578
Management & consulting fees	71,000	240,000
Promotional activities	–	41,491
Regulatory costs	6,181	1,379
Rent	7,500	34,000
Communications	–	1,170
Salaries and wages	4,622	18,573
Travel	1,874	6,951
Office	9,708	5,637
Exchange gain	–	(13)
Total expenses	120,347	368,766
Loss before other expenses	(120,347)	(368,766)
Other expenses		
New project investigations	–	(5,376)
Gain on forgiveness of debt (Note 7)	33,839	400,000
Loss on write-off of receivables	–	(6,643)
Net loss and comprehensive loss	(86,508)	19,215
Basic and diluted loss per share	(0.00)	0.00
Weighted average shares outstanding	34,599,022	34,599,022

(The accompanying notes are an integral part of these financial statements)

**Stamper Oil & Gas Corp.**  
Statement of Changes in Equity  
(Expressed in Canadian dollars)

	Share capital		Additional paid-in capital \$	Deficit \$	Total shareholders' equity \$
	Number	Amount \$			
Balance, June 30, 2018	34,599,022	50,361,313	4,859,665	(56,003,163)	(782,185)
Net loss for the year	–	–	–	19,215	19,215
Balance, June 30, 2019	34,599,022	50,361,313	4,859,665	(55,983,948)	(762,970)
Net loss for the year	–	–	–	(86,508)	(86,508)
Balance, June 30, 2020	34,599,022	50,361,313	4,859,665	(56,070,456)	(849,478)

(The accompanying notes are an integral part of these financial statements)

**Stamper Oil & Gas Corp.**  
Statement of Cash Flows  
(Expressed in Canadian dollars)

	June 30, 2020 \$	June 30, 2019 \$
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Operating activities		
Net loss	(86,508)	19,215
Items not involving cash:		
Loss on write-off of receivables	-	6,643
Gain on forgiveness of debt	(33,839)	(400,000)
Changes in non-cash working capital items:		
Receivables	(173)	50,330
Prepaid expenses and deposits	-	12,626
Accounts payable and accrued liabilities	115,168	293,067
<b>Net cash used in operating activities</b>	<b>(5,352)</b>	<b>(18,119)</b>
Financing Activities		
Loans payable	5,176	-
<b>Net cash used in financing activities</b>	<b>5,176</b>	<b>-</b>
Change in cash	(176)	(18,119)
Cash, beginning of year	559	18,678
<b>Cash, end of year</b>	<b>383</b>	<b>559</b>
<hr/>		
<b>Cash paid during the year for interest</b>	<b>\$</b>	<b>- \$</b>
<b>Cash paid during the year for income taxes</b>	<b>\$</b>	<b>- \$</b>

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

# **STAMPER OIL & GAS CORP.**

## **Notes to Financial Statements**

### **Years ended June 30, 2019 and 2020**

#### **(Expressed in Canadian Dollars)**

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Stamper Oil & Gas Inc., (the “Company”) is an exploration stage company incorporated under the laws of British Columbia on September 18, 1984. The company is in the process of acquiring and exploring natural resource properties and has not yet determined whether the properties contain ore or gas reserves that are economically recoverable.

The Company’s head office, principal address and registered and records office is 310-221 West Esplanade, North Vancouver, BC V7M 3J3.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The Company’s ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of future properties, and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While the Company has been successful in obtaining its required financing in the past, mainly through non-arms-length demand loans, there is no assurance that such financing will be available or be available on favourable terms. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company’s presentation and functional currency is Canadian dollars. Reference herein of \$ is to Canadian dollars unless otherwise specified.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

*Use of estimates*

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The determination of deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

**Exploration and evaluation assets**

Costs directly related to the exploration and evaluation of mineral properties are capitalized to exploration and evaluation assets once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined that there is an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. After all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of exploration and evaluation assets.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Provision for environmental rehabilitation**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation 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 Company's estimates of reclamation 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 the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Income (Loss) per share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

**Income taxes**

Deferred taxes relate to the expected future tax consequences of differences between the carrying amount of statement of financial position items and their corresponding tax values. Deferred tax assets, including those arising from unused loss carry-forwards and other deductions, are recognized only to the extent that, in the opinion of management, it is more likely than not that the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

**Financial instruments**

The Company has adopted new accounting standard IFRS 9 – Financial Instruments, effective July 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement.

IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption, although it was determined that the adoption of IFRS 9 had no impact on the comparative period's financial statements.

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of IAS 39, except that fair value changes due to changes in an entity's own credit risk are recorded in other comprehensive income rather than in net earnings.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Financial instruments** *(continued)*

*Measurement*

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

*Equity investments at FVOCI.* These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

*Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

<b>Asset or liability</b>	<b>Category</b>	<b>Measurement</b>
Cash	FVTPL	Fair value
Accounts Payable	Other liabilities	Amortized cost
Accrued Liabilities	Other liabilities	Amortized cost
Loans Payable	Other liabilities	Amortized cost

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
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**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Financial instruments** *(continued)*

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

**New standards adopted**

The following new standards, amendments to standards and interpretations have been effective during the year ended June 30, 2020:

- IFRS 16 New Leasing standard replacing IAS 17 for the classification and measurement of leases (effective for annual periods beginning on or after January 1, 2019). The Company has assessed that there are no material reporting changes as a result of adoption this new standard.

**4. COVID-19**

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows during the year ended June 30, 2021.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**5. LOANS PAYABLE**

The following table summarized the Company's outstanding debt obligations. The loans are unsecured, due on demand, and with parties who transact with the Company on a non-arm's-length basis. Transactions between the related parties are approved by the Board of Directors.

	June 30, 2020	June 30, 2019
	\$	\$
Related party loan (non-interest bearing)	5,176	-
Other short-term loans (non-interest bearing)	338,650	338,650
	<u>343,826</u>	<u>338,650</u>

**6. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL**

**(a) Authorized**

Unlimited number of common shares without par value.

**(b) Warrants**

The following table summarizes the warrant activity for the current and previous fiscal year and outstanding and exercisable.

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2018	4,770,500	0.58
Expired	(45,000)	0.40
Expired	(77,000)	0.40
Expired	(61,000)	0.40
Balance, June 30, 2019	4,587,500	0.59
Expired	(625,000)	0.75
Expired	(962,500)	0.75
Balance, June 30, 2020	<u>3,000,000</u>	<u>0.50</u>

Number of warrants outstanding	Exercise price \$	Expiry date
<u>3,000,000</u>	0.50	December 4, 2020
<u>3,000,000</u>		

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**6. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL** *(continued)*

**(c) Stock options**

The following table summarizes the stock option activity for the current and prior fiscal years:

	Number of options	Weighted average exercise price \$
Outstanding, June 30, 2018	2,650,000	0.48
Expired	(2,650,000)	0.48
Outstanding, June 30, 2019 and June 30, 2020	-	-

**7. RELATED PARTY TRANSACTIONS**

During the period ended June 30, 2020, significant related party transactions and balances not disclosed elsewhere are as follows:

- (a) The following fees were incurred by key management personnel (directors, officers and former directors and officers of the Company as well as other management personnel having a significant role in the decision making process): \$59,000 (2019 - \$180,000) for consulting fees included in operating costs.
- (b) Included in accounts payable at June 30, 2020 is \$134,683 (2019 - \$67,437) due to companies with a common director and/or key management personnel.
- (c) The Company accrued no interest expense on loans payable to an officer (Note 5) (2019 – Nil).
- (d) During the year ended June 30, 2020, a former director and officer forgave \$19,439 in amounts owed to them by the Company (2019 - \$400,000).
- (e) Refer to Note #5 for additional related party transaction.

**8. CONTINGENCY**

On January 14, 2020, Richards Buell Sutton LLP filed a claim against the Company in the amount of \$12,322 for unpaid invoices. The Company did not dispute the amounts owing and has recorded them in full as accounts payable on the statement of financial position as at June 30, 2020. In September, 2020, it was settled for \$9,000 by both parties.

**9. SEGMENTED INFORMATION**

The Company currently operates in one industry segment, that being the acquisition, exploration, development and operation of oil and gas assets.

**STAMPER OIL & GAS CORP.**  
**Notes to Financial Statements**  
**Years ended June 30, 2019 and 2020**  
**(Expressed in Canadian Dollars)**

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**10. FINANCIAL RISK FACTORS**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of receivables, accounts payable, loans payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Cash is carried at fair value using a level 1 fair value measurement.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had a cash balance of \$383 (June 30, 2019 - \$559) to settle current liabilities of \$853,354 (2019 - \$766,849). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The risk to the going concern assumption is presented in Note 1.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

The Company currently has no financial liabilities exposed to interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

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**10. FINANCIAL RISK FACTORS** *(continued)*

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**11. CAPITAL MANAGEMENT**

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its oil and gas interests. Capital is comprised of the Company's shareholders' equity (deficiency). As at June 30, 2020, the Company's shareholders' deficiency was \$849,478 (2019 – \$762,970). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes to the way the Company manages its capital in the current year.

**12. INCOME TAXES**

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	<u>2020</u>	<u>2019</u>
Statutory tax rate	27.0%	27.0%
Income (Loss) before income taxes	\$ (86,508)	\$19,215
Expected income tax recovery	(23,357)	5,188
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	(2,772)	-
Change in tax rates	-	2,000
Adjustment to prior years versus statutory tax returns	-	(751,000)
Current and prior tax attributes not recognized	26,129	743,812
Deferred income tax recovery	<u>\$ -</u>	<u>\$ -</u>

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**12. INCOME TAXES (CONTINUED)**

Details of deferred tax assets are as follows:

	<u>2020</u>	<u>2019</u>
Non-capital and capital losses	\$7,917,878	\$7,891,560
Resource expenditures	102,040	102,060
Share issuance costs and others	<u>91,901</u>	<u>92,070</u>
	8,111,819	8,085,690
Less: Unrecognized deferred tax assets	<u>(8,111,819)</u>	<u>(8,085,690)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has approximately \$11,000,000 of non-capital losses available, which begin to expire in 2029 through to 2040 and may be applied against future taxable income. The Company also has approximately \$36,000,000 of capital losses that may be carried forward and applied against future capital gains. In addition, the Company has approximately \$378,000 of exploration and development costs which are available for deduction against future income for tax purposes. At June 30, 2020, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

**13. SUBSEQUENT EVENTS**

On July 23, 2020, the Company issued a total of 20,000,000 common shares of the Company at a price of \$0.01.

On September 10, 2020, \$578,884 of debts owed to individuals and companies by the Company were assigned to one individual.