

WILTON RESOURCES INC.

Management Discussion and Analysis

For the years ended December 31, 2016 and 2015

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Wilton Resources Inc. ("Wilton" or the "Corporation") should be read in conjunction with the audited annual financial statements of the Corporation for the years ended December 31, 2016 and 2015 (the "Financial Statements"), together with the notes thereto. Amounts herein are expressed in Canadian dollars except where indicated otherwise. The Financial Statements and all comparative information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information about the Corporation is available on the Corporation's SEDAR profile at www.sedar.com. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

This MD&A is dated April 28, 2017, and was prepared by management of the Corporation. The board of directors of the Corporation approved by this MD&A on April 28, 2017.

FORWARD-LOOKING INFORMATION

The MD&A offers our assessment of the Corporation's future plans and operations as of April [28], 2017 and contains forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Corporation does not intend, and does not assume any obligation, to update or revise these forward-looking statements except as required pursuant to applicable securities laws.

Forward looking information and statements are included throughout this MD&A and include, but are not limited to, statements pertaining to the following:

- *the Corporation's ability to continue as a going concern;*
- *the potential impacts of access to capital conditions;*
- *the Corporation's liquidity and capital resources; and*
- *the nature of the risks faced by the Corporation.*

Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements based on a number of factors and risks. These include the risks set out herein (including under the heading "Business Risks" and "Financial Instrument and Risk Management" and the risk factors set out below:

- *general economic conditions in Canada, the United States and globally including reduced availability of debt and equity financing generally;*
- *political and industrial risks associated with the international locations the Corporation is pursuing oil and gas exploration assets in, including Middle East and Africa;*
- *industry conditions, including fluctuations in the price of oil, NGL and natural gas;*
- *governmental regulation of the oil and gas industry, including environmental regulation;*
- *fluctuation in foreign exchange or interest rates;*
- *liabilities inherent in oil and natural gas operations;*
- *geological, technical, drilling and processing problems and other difficulties in producing reserves;*

- *uncertainties associated with estimating oil and natural gas reserves;*
- *incorrect assessments of the value of acquisitions;*
- *unanticipated operating events which can reduce production or cause production to be shut in or delayed;*
- *failure to obtain industry partner and other third party consents and approvals, when required;*
- *stock market volatility and market valuations;*
- *availability of financing on acceptable terms;*
- *competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;*
- *competition for and inability to retain drilling rigs and other services;*
- *rights to surface access;*
- *the need to obtain required approvals from regulatory authorities; and*
- *general business and market conditions.*

These factors should not be considered exhaustive. Statements in respect of “reserves” are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. With respect to forward-looking statements contained in this MD&A, the Corporation has made assumptions regarding: future exchange rates; energy markets and the price of oil and natural gas; condition of general economic, commodity and financial markets; current technology; cash flow; commodity prices; production rates; effects of regulation and environmental and tax laws; future operating costs and the Corporation’s ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this MD&A in order to provide readers with a more complete perspective on the Corporation’s future operations and prospects. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

GOING CONCERN

As at December 31, 2016, the Corporation has a significant working capital deficiency of \$597,677 (2015 - \$590,836) and has no production revenue from its Canadian oil and gas property. The well has been shut-in since October 2013 due to uneconomical natural gas prices and decreasing production volumes. In order to settle its existing liabilities and continue operations, including its ongoing oil and natural gas acquisition, exploration and development activities, Wilton will require additional financing. The amount of capital required cannot be quantified until additional transactions are identified and completed. Failure to obtain such financing on a timely basis could cause Wilton to forfeit its interest in its property, to miss certain acquisition opportunities and/or to reduce or terminate its operations. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Wilton. Moreover, future activities may require Wilton to alter its capitalization significantly. The inability of Wilton to access sufficient capital for its operations could have a material adverse effect on Wilton’s financial condition, results of operations or prospects.

These conditions create a material uncertainty which casts significant doubt on the Corporation’s ability to continue as a going concern.

The Corporation’s access to capital will impact its ability to complete exploration and development activities, acquire international concessions and to ultimately achieve profitable operations. The financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and

liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these financial statements.

DESCRIPTION OF THE BUSINESS

Hackamore Capital Corp. was incorporated under the laws of the Province of Alberta on August 15, 2007 and changed its name to Wilton Resources Inc. on October 27, 2008. On July 24, 2009, the Corporation completed its initial public offering (“IPO”) by way of a capital pool company prospectus. The Corporation was listed as a capital pool company (“Capital Pool Company”) as defined in Policy 2.4 of the TSX Venture Exchange (“TSXV”) on August 5, 2009. On October 28, 2011, Wilton completed its qualifying transaction (“Qualifying Transaction”) by the acquisition of a 75% non-operated working interest in a producing oil and natural gas well located in Monitor, Alberta.

Wilton is currently an oil and natural gas exploration and development company with operations in Canada. The Corporation is pursuing the acquisition of oil and natural gas properties in various international locations including the Middle East and Africa. The common shares of the Corporation (“Common Shares”) are listed for trading on the TSXV with the trading symbol WIL.

HIGHLIGHTS

| As of December 31 | 2016 | | 2015 | | 2014 | |
|------------------------------------|------|--------------------|------|-------------|------|-------------|
| Revenues, net | \$ | - | \$ | - | \$ | - |
| Cash from financing activities | | 1,774,782 | | 1,201,453 | | 578,674 |
| Cash used by operations | | (1,663,851) | | (1,093,960) | | (1,100,134) |
| Net loss | | (2,951,893) | | (2,130,067) | | (1,103,385) |
| Loss per share - basic and diluted | | (0.07) | | (0.07) | | (0.04) |
| Total assets | | 432,057 | | 309,951 | | 290,837 |
| Current assets | | 405,588 | | 277,494 | | 142,262 |
| Current liabilities | | 1,003,265 | | 868,330 | | 1,642,212 |
| Working capital deficiency | | (597,677) | | (590,836) | | (1,499,950) |
| Total debenture liability | \$ | - | \$ | - | \$ | 911,057 |
| Common Shares outstanding | | 41,037,173 | | 36,126,923 | | 29,406,923 |

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Corporation's quarterly financial results:

| Three months ended, | December 31 | | September 30 | | June 30 | | March 31 | |
|---|----------------------|---------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Expenses | | | | | | | | |
| General and administrative | \$ 513,201 | \$ 342,705 | \$ 226,968 | \$ 268,679 | \$ 683,028 | \$ 295,844 | \$ 358,645 | \$ 232,172 |
| Operating | - | 1,326 | - | - | - | - | - | 1,362 |
| Accretion of decommissioning obligations | - | 525 | 190 | 318 | 190 | 318 | 190 | 318 |
| Loss on conversion of debentures | - | 731,000 | - | - | - | - | - | - |
| Impairment of property and equipment | - | 116,118 | - | - | - | - | - | - |
| Interest on debentures | - | 25,836 | - | 38,426 | - | 37,659 | - | 36,923 |
| Stock based compensation | 1,005,300 | - | - | - | - | - | 164,400 | - |
| Foreign exchange loss | - | 538 | - | - | - | - | - | - |
| Loss earnings for the period | \$(1,518,501) | \$(1,218,048) | \$(227,158) | \$(307,423) | \$(683,218) | \$(333,821) | \$(523,235) | \$(270,775) |
| Loss earnings per share – basic and diluted | \$ (0.04) | \$ (0.04) | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.01) | \$ (0.01) | \$ (0.01) |

DISCUSSION OF OPERATIONS

The Corporation's business development plan is focused upon acquiring international oil and natural gas interests. Wilton's general and administrative expenses for the year ended December 31, 2016 increased to \$1,781,623 from the 2015 comparative amount of \$1,139,400. The increase in general and administrative expenses is a result of an increase in use of consultants, travel and professional service fees related to the business of the Corporation for the year ended December 31, 2016. The Corporation is dedicating resources, including engaging third party consultants, to identify and evaluate potential international oil and natural gas property acquisitions.

General and administrative details:

| | 2016 | 2015 |
|---------------------------|---------------------|---------------------|
| Consulting | \$ 739,875 | \$ 579,789 |
| Travel and meals | 270,504 | 227,227 |
| Office and administrative | 164,919 | 203,163 |
| Professional services | 606,322 | 129,221 |
| Total | <u>\$ 1,781,623</u> | <u>\$ 1,139,400</u> |

For the year ended December 31, 2015, the Corporation recognized an impairment loss in the amount of \$116,118 on its oil and gas well located in Monitor, Alberta as a result of a decline in forecasted production volumes and natural gas prices. The impairment was based on the difference between the carrying amount of the Cash Generating Unit (including decommissioning costs) and the value in use. In assessing value in use, the estimated future cash flows were discounted to their present value using pre-tax discount rates of 17.5 percent. The amount of value in use was computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

The property consists of all petroleum and natural gas rights below the Viking to the base of the Mannville within, upon or under the lands and the well. The well is located at 102/13-10-035-05-W4/00 in Monitor, Alberta. The well produces natural gas and liquids.

The Corporation did not receive any revenue from production for the years ended December 31, 2016 and 2015 as the well was shut-in. The Corporation did not incur operating expenses for the year ended December 31, 2016. The Corporation's operating expenses totalled \$2,688 for the year ended December 31, 2015. The well was on production from December 2007 to September 2013 and was shut-in due to uneconomical natural gas prices and decreasing production volumes. The operator of the well has indicated it intend to complete a work-over however it has not been completed.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation is exposed to liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at December 31, 2016, the Corporation had cash and cash equivalents of \$316,370 compared with \$205,439 at December 31, 2015. The Corporation continues to experience negative operating cash flow as a result of no revenue from its Canadian oil and natural gas asset coupled with the Corporation's ongoing expenses related to its international oil and natural gas business development activities. The Corporation anticipates a negative operating cash flow will continue until such time as international oil and natural gas assets are acquired and developed.

As at December 31, 2016, the Corporation's working capital deficiency was \$597,677 (2015 - \$590,836).

In order to satisfy its existing liabilities and maintain further operations, Wilton will require additional financing in order to carry out its ongoing oil and natural gas acquisition, exploration and development activities. The amount of capital required cannot be quantified until additional transactions are identified and completed. Failure to obtain such financing on a timely basis could cause Wilton to forfeit its interest in its

property, to miss certain acquisition opportunities and/or to reduce or terminate its operations. Upon any resumption of production, any decrease of Wilton's revenues from its reserves as a result of lower oil and natural gas prices or otherwise will affect Wilton's ability to expend the necessary capital to replace its reserves or to maintain its production. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Wilton. Moreover, future activities may require Wilton to alter its capitalization significantly. The inability of Wilton to access sufficient capital for its operations could have a material adverse effect on Wilton's financial condition, results of operations or prospects. Unfavourable global economic conditions, unfavourable global oil market conditions, scarce credit and volatile capital markets may exacerbate Wilton's liquidity risk.

The Corporation has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation is not a party to any off balance sheet arrangements or transactions.

TRANSACTIONS WITH RELATED PARTIES

In 2014, the Corporation entered into an agreement with Rick Anderson, Chief Executive Officer and a Director, whereby the Corporation pays for office and equipment rental. During the year ended December 31, 2016, the Corporation recorded \$48,000 as an expense for office and equipment rental (2015 - \$24,000). An outstanding receivable of \$68,654 was due from Mr. Anderson at December 31, 2016 in respect of expenses for office and equipment rental.

FOURTH QUARTER RESULTS

During the three months ended December 31, 2016, no material event or development occurred in respect of the Corporation's financial condition, financial performance or cash flows.

ACCOUNTING POLICIES & CRITICAL ACCOUNTING ESTIMATES

Management is required to make judgments, assumptions and estimates in the application of International Financial Reporting Standards ("IFRS") that may have a significant impact on the financial results of the Corporation. Details outlining the Corporation's accounting policies are contained in the notes to the Financial Statements.

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenues and expenses during the reported periods. The Corporation evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The Corporation has applied all Standards and Interpretations issued or adopted by the International Accounting Standards Board ("IASB"). The following recent IFRS pronouncements have not been adopted by the Corporation.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The IASB issued IFRS 15 “Revenue from Contracts with Customers” which replaces IAS 18 “Revenue”. IAS 15 specifies revenue recognition criteria and expanded disclosures for revenue. The new standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted. The Corporation currently has no revenue and will assess new contracts as they are entered into.

The IASB completed the final sections of IFRS 9 “Financial Instruments” which replaces IAS 39 “Financial Statement: Recognition and Measurement”. IFRS 9 provides guidance on the recognition and measurement, impairment and derecognition on financial instruments. The new standard is effective for annual periods beginning on or after January 1, 2018 and early adoption is permitted. The Corporation is evaluating the impact of this standard on the consolidated financial statements and does not anticipate material changes to the valuation of its financial assets.

In January 2016, the IASB issued IFRS 16 Leases, which replaces IAS 17 Leases. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 Revenue from Contracts with Customers. The Corporation is currently identifying contracts that will be identified as leases and evaluating the impact of the standard on the consolidated financial statements.

ISSUED AND OUTSTANDING SECURITIES INFORMATION

(a) Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares, issuable in series, none of which are issued and outstanding as of the date hereof.

(b) Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value.

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Corporation and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares.

Issued share capital

The Corporation had 41,037,173 Common Shares outstanding as of December 31, 2016.

On February 27, 2015 and March 18, 2015, respectively, the Corporation closed the two tranches of a private placement of 2,000,000 units of the Corporation at a price of \$0.25 per unit for gross proceeds of \$500,000 (net proceeds of \$425,423 after deducting offering costs). Each unit consists of one Common Share in the capital of the Corporation and one Common Share purchase warrant. Each purchase warrant entitles the holder to purchase an additional Common Share for a period of twenty-four months from the date of issuance at an exercise price of \$0.50 per Common Share. If at any time prior to the expiry of the purchase warrants the trading price of the Common Shares exceeds \$1.00 for a period of twenty-one consecutive trading days, the Corporation may provide notice to the holders of the purchase warrants that the purchase warrants will expire twenty-one days after the date of the notice.

In connection with the immediately forementioned private placement, the Corporation paid a finders fee of \$35,000 being 7.0% of the gross proceeds raised from applicable subscriptions in the offering and issued 140,000 finders warrants, equal to 7.0% of the gross proceeds raised from applicable subscriptions in the

offering. Each finders warrant entitles the holder to acquire one Common Share at a price of \$0.25 for a period of eighteen months from the closing date of such private placement.

On June 30, 2015, the Corporation closed a private placement of 1,045,000 units of the Corporation at a price of \$0.40 per unit for gross proceeds of \$418,000 (net proceeds of \$373,624 after deducting offering costs). Each unit consists of one Common Share in the capital of the Corporation and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the unit offering was \$135,850. Each purchase warrant entitles the holder to purchase one additional Common Share for a period of twenty-four months from the date of issuance at an exercise price of \$0.75. If at any time prior to the expiry of the purchase warrants the trading price of the Common Shares exceeds \$1.25 for a period of twenty-one consecutive trading days, the Corporation may provide notice to the holders of the purchase warrants that the warrants will expire twenty-one days after the date of the notice.

In connection with the immediately forementioned private placement, the Corporation paid a finders fee of \$29,260 being 7.0% of the gross proceeds raised from applicable subscriptions in the offering and issued 73,150 finders warrants, equal to 7.0% of the gross proceeds raised from applicable subscriptions in the offering. Each finders warrant entitles the holder to acquire one Common Share at a price of \$0.75 for a period of twenty-four months from the closing date of such private placement.

On or about October 21, 2015, all holders of the debentures, in the aggregate amount of \$1.0 million, agreed to certain amendments to the terms of such debentures, including a reduction of the conversion price thereof from \$1.25 to \$0.40, and elected to convert the entirety of the debentures into 2,500,000 Common Shares of the Corporation at \$0.40 cents per Common Share.

On November 4, November 13, November 27 and December 30, 2015, the Corporation closed private placements with an aggregate of 1,175,000 units of the Corporation at a price of \$0.40 per unit for gross proceeds of \$470,000 (net proceeds of \$402,406 after deducting offering costs). Each unit consists of one Common Share in the capital of the Corporation and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the unit offering was \$153,840. Each purchase warrant entitles the holder to purchase an additional Common Share for a period of twenty-four months from the date of issuance at an exercise price of \$0.60 per Common Share. If at any time prior to the expiry of the purchase warrants the trading price of the Common Shares exceeds \$1.25 for a period of twenty-one consecutive trading days, the Corporation may provide notice to the holders of the purchase warrants that the purchase warrants will expire twenty-one days after the date of the notice. In connection with the private placement, the Corporation paid a finder's fee of \$30,100 being 7.0% of the gross proceeds raised from applicable subscriptions in the offering.

On March 23, 2016, the Corporation closed the first tranche of a private placement of 2,008,000 units of the Corporation at a purchase price of \$0.40 per unit for gross proceeds of \$803,200 (net proceeds of \$701,941 after deducting offering costs). Each unit consists of one Common Share in the capital of the Corporation and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the offering was \$346,810. Each unit consists of one common share in the capital of the Corporation for a period of twenty-four months from the date of issuance at an exercise price of \$0.60 per common shares. If at any time prior to the expiry of the purchase warrants the trading price of the common share exceeds \$1.25 for a period of twenty-one consecutive trading days, the Corporation may provide notice to the holders of the warrants that the purchase warrants will expire twenty-one days after the date of notice. In connection with the private placement, the Corporation paid a finder's fee of \$56,224 being 7.0% of the gross proceeds raised from applicable subscriptions in the offering. The Corporation issued an aggregate of 140,560 finders warrants in exchange for services in connection with the private placement. The fair value of the finders warrants pursuant to the offering was \$44,979. The finders warrants vest immediately with a strike price of \$0.40 for a period of twenty-four months from the date of the issue equity issuance. The fair value of the finders warrants granted was \$0.32 per warrant.

April 1, 2016, the Corporation closed the second tranche of the aforementioned private placement for an aggregate of 2,725,500 units of the Corporation at a purchase price of \$0.40 per unit for gross proceeds of \$1,090,200 (net proceeds of \$1,023,140 after deducting offering costs). Each unit consists of one Common Share in the capital of the Corporation and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the offering was \$484,533. If at any time prior to the expiry of the purchase warrants the trading price of the common share exceeds \$1.25 for a period of twenty-one consecutive trading days, the Corporation may provide notice to the holders of the warrants that the purchase warrants will expire twenty-one days after the date of notice. In connection with the private placement, the Corporation paid a finder's fee of \$76,314 being 7.0% of the gross proceeds raised from applicable subscriptions in the offering and granted 190,785 finders warrants equal to 7% of the gross proceeds raised from applicable subscriptions in the offering. Each finders warrant entitles the holder to acquire one additional Common Share at a price of \$0.40 for a period of twenty-four months from the closing date of the private placement. The finders warrants vest immediately with a strike price of \$0.40 for a period of twenty-four months from the date of the issue equity issuance. The fair value of the finders warrants granted was \$0.33 per warrant.

| | Number of Common Shares issued and outstanding |
|------------------------------|---|
| Balance at December 31, 2014 | 29,406,923 |
| Common shares issued | 6,720,000 |
| Balance at December 31, 2015 | 36,126,923 |
| Common shares issued | 4,910,250 |
| Balance at December 31, 2016 | 41,037,173 |

Options

During the year ended December 31, 2016, 2,575,000 stock options were issued. Stock options issued and outstanding as of December 31, 2016 were as follows:

| Issue Date | Exercise Price | Expiry Date | Stock Options |
|------------------------------|-------------------|--------------------|---------------|
| July 24, 2013 | \$0.80 | July 24, 2018 | 400,000 |
| August 15, 2013 | \$0.90 | August 15, 2018 | 200,000 |
| September 13, 2013 | \$0.99 | September 13, 2018 | 50,000 |
| December 18, 2013 | \$0.80 | December 18, 2018 | 100,000 |
| July 10, 2014 | \$0.65 | July 10, 2019 | 400,000 |
| December 29, 2014 | \$0.30 | December 29, 2019 | 375,000 |
| February 17, 2016 | \$0.18 | February 17, 2021 | 685,000 |
| October 31, 2016 | \$0.59 | October 31, 2021 | 1,740,000 |
| December 2, 2016 | \$0.63 | December 2, 2021 | 150,000 |
| Balance at December 31, 2016 | | | 4,100,000 |

The fair value of the options granted during 2016 was as follows: February 17, 2016 - \$0.24; October 31, 2016 - \$0.59; and December 2, 2016 - \$0.63. The fair value of stock options granted in 2016 was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|---------------|
| Annualized volatility | 247% - 271% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.46% - 0.60% |
| Expected option life | 5 years |

The stock option granted for the year ended December 31, 2016 resulted in stock-based compensation in the amount of \$1,169,700.

Warrants

| | Number of warrants |
|--------------------------------------|--------------------|
| Balance at January 1, 2015 | 1,347,000 |
| Common shares issued | 4,220,000 |
| Warrants issued as finders fees | 288,400 |
| Expiry of warrants | (147,000) |
| Balance at December 31, 2015 | 5,708,400 |
| Warrants issued in private placement | 4,733,500 |
| Warrants issued as finders fees | 331,345 |
| Warrants exercised | (176,750) |
| Balance, December 31, 2016 | 10,596,495 |

On September 9, 2016, 31,500 finders warrants that were granted on November 4, 2015 and December 30, 2015 were exercised at \$0.40 in exchange for 31,500 Common Shares for gross proceeds of \$12,600. The fair market value assigned to the finders warrants at the time of grant were 10,500 at \$0.25 per warrant and 21,000 at \$0.23 per warrant, respectively.

On August 31, 2015, the TSX Venture Exchange (the "TSXV") consented to an application of the Corporation to extend the expiry date of 1.2 million Common Share purchase warrants that were issued to subscribers as part of the Corporation's private placement financing, which closed on September 15, 2014 from September 5, 2015 to September 5, 2016. The TSXV subsequently approved the extension of the term of the warrants from September 5, 2016 to March 5, 2016. On March 1, 2017, the TSXV approved an extension of the expiry date from March 5, 2017 to April 6, 2017. On March 29, 2017, the TSXV further approved an extension of the expiry date from April 6, 2017 to June 6, 2017.

In relation to the extension of the term of the warrants from September 5, 2016 to March 5, 2017, the purchase warrants were revalued for the period of the extension, with a fair value assigned of \$0.24. As a result, the fair value of the purchase warrants pursuant to the extension was \$288,000. The fair value of purchase warrant options granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|-----------|
| Annualized volatility | 98% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.52% |
| Expected option life | 0.5 years |

On August 5, 2016, 31,605 finders warrants that were granted on March 17, 2015, were exercised at \$0.25 in exchange for 31,605 Common Shares for gross proceeds of \$7,902. The fair market value assigned to the finders warrants at the time of grant was \$0.19 per warrant.

On May 17, 2016, 113,645 finders warrants that were granted on February 17, 2015 and November 30, 2015, were exercised (5,250 warrants at \$0.40 per warrant and 108,395 warrants at \$0.25 per warrant) in exchange for 113,645 Common Shares for gross proceeds of \$29,199. The fair market value assigned to the finders warrants at the time of grant were 5,250 warrants at \$0.25 per warrant and 108,395 warrants at \$0.19 per warrant

On April 1, 2016, an aggregate of 190,785 finders warrants were granted in exchange for services in conjunction with closing of the the private placement on April 1, 2016. The fair value assigned to the finders warrants pursuant to the offering was \$62,959. The finders warrants vested immediately with a strike price of \$0.40 for a period of twenty-four months from the date of issue of the equity issuance. The fair value of the finders warrants granted was \$0.33 per warrant. The fair value of finders warrants granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|---------|
| Annualized volatility | 195% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.45% |
| Expected life | 2 years |

On March 23, 2016, an aggregate of 140,560 finders warrants were granted in exchange for services in conjunction with the closing of the private placement on March 23, 2016. The fair value assigned to the finders warrants pursuant to the offering was \$44,979. The finders warrants vested immediately with a strike price of \$0.40 for a period of twenty-four months from the date of issue of the equity issuance. The fair value of the finders warrants granted was \$0.32 per warrant. The fair value of finders warrants granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|---------|
| Annualized volatility | 194% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.46% |
| Expected life | 2 years |

On November 4, November 13, November 27, and December 30, 2015, the Corporation granted 75,250 finders warrants in exchange for services in conjunction with the equity issuances on the respective dates. The finders warrants vested immediately with a strike price of \$0.40 for a period of twenty-four months from the date of issue of the equity issuance. The fair value of the finders warrants granted was: November 4, 2015 - \$0.25, November 13, 2015 - \$0.21, November 27, 2015 - \$0.25 and December 30, 2015 - \$0.23. The fair value of finders warrants granted in 2015 was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|---------------|
| Annualized volatility | 158% - 177% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.43% - 0.52% |
| Expected life | 2 years |

On February 27, 2015 and March 18, 2015, an aggregate of 140,000 finders warrants were granted in exchange for services in conjunction with the private placement. The fair value assigned to the finders warrants pursuant to the offering was \$26,916. The finders warrants vested immediately with a strike price of \$0.25 for a period of eighteen months from the date of issue of the equity issuance. The fair value of the finders warrants was \$0.19 (February 27, 2015) and \$0.20 (March 18, 2015). The fair value of finders warrant granted in 2015 was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|------------|
| Annualized volatility | 193% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.53-0.57% |

Expected life 1.5 years

On June 30, 2015, an aggregate of 73,150 finders warrants were granted in exchange for services in conjunction with the private placement on June 30, 2015. The fair value assigned to the finders warrants pursuant to the offering was \$14,630. The finders warrants vested immediately with a strike price of \$0.75 for a period of twenty-four months from the date of issue of the equity issuance. The fair value of the finders warrants granted was \$0.20. The fair value of finders warrants granted in 2015 was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|---------|
| Annualized volatility | 143% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.58% |
| Expected life | 2 years |

On August 31, 2015, the TSXV consented to an application of the Corporation to extend the expiry date of the 1.2 million Common Share purchase warrants that were granted to subscribers as part of the Corporation's private placement financing, which closed on September 15, 2014 from September 5, 2015, to September 5, 2016. The TSXV further consented to the extension of the terms of the warrants from September 5, 2016 to March 5, 2016. On March 1, 2017, the TSXV approved an extension of the expiry date from March 5, 2017 to April 6, 2016. On March 29, 2017, the TSXV further approved an extension of the expiry date from April 6, 2017 to June 6, 2017. The purchase warrants were revalued for the period of the extension, with a fair value assigned of \$0.06. As a result, the fair value of the purchase warrants pursuant to the extension was \$72,000. The fair value of purchase warrant options granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

| | |
|-------------------------|--------|
| Annualized volatility | 130% |
| Dividend yield | 0% |
| Risk-free interest rate | 0.37% |
| Expected life | 1 year |

Total purchase warrants and finders warrants issued and outstanding as of December 31, 2016 were as follows:

| Exercise price | | Number outstanding | Expiration date | Conversion price |
|----------------|-----|--------------------|-------------------|------------------|
| \$0.50 | (1) | 1,548,500 | February 27, 2017 | \$1.00 |
| \$0.50 | (1) | 451,500 | March 17, 2017 | \$1.00 |
| \$1.00 | (1) | 1,200,000 | June 6, 2017 | \$1.50 |
| \$0.60 | (1) | 1,045,000 | June 29, 2017 | \$1.25 |
| \$0.75 | (2) | 73,150 | June 29, 2017 | - |
| \$0.40 | (2) | 10,500 | November 4, 2017 | - |
| \$0.60 | (1) | 400,000 | November 4, 2017 | \$1.25 |
| \$0.40 | (2) | 1,750 | November 27, 2017 | - |
| \$0.40 | (2) | 5,250 | November 30, 2017 | - |
| \$0.40 | (2) | 21,000 | December 30, 2017 | - |
| \$0.60 | (1) | 600,000 | December 30, 2017 | \$1.25 |
| \$0.60 | (1) | 2,008,000 | March 23, 2018 | \$1.25 |
| \$0.40 | (2) | 140,560 | March 23, 2018 | - |
| \$0.60 | (1) | 2,725,500 | April 1, 2018 | \$1.25 |
| \$0.40 | (2) | 190,785 | April 1, 2018 | - |

Note (1): If at any time prior to the expiry of the purchase warrants the trading price of the common shares exceeds the conversion price for a certain period of time, the Corporation may provide notice to the holder of the purchase warrants that the warrants will be subject to early expiry.

Note (2): These warrants were issued to agents as finder's warrants. Other than the right of the holders of the warrants to receive the number of common shares that they are entitled to under the terms of the finder's warrants, the holders do not retain any right(s) of conversion or right(s) of acceleration on the 442,995 finders warrants expiring June 2017, November 2017, December 2017, March 2018 and April 2018.

Debentures

On or about October 21, 2015, all holders of the Debentures, in the aggregate amount of \$1.0 million, agreed to certain amendments to the terms of such Debentures, including a reduction of the conversion price thereof from \$1.25 to \$0.40, and elected to convert the entirety of the Debentures into 2,500,000 Common Shares of the Corporation at \$0.40 cents per Common Share. As a result of the variance between the original conversion price and the fair market value of the Corporation's share price at the date of the conversion, the Corporation incurred a loss in the amount of \$731,000 for accounting purposes.

BUSINESS RISKS

Readers are cautioned that the following is a summary only of certain risk factors and is not exhaustive and is qualified in its entirety by reference to, and must be read in conjunction with the additional information on these and other factors that could affect the Corporation's operations and financial results that are included in reports on file with Canadian securities regulatory authorities and may be accessed through www.sedar.com.

The Corporation's access to capital will impact its ability to complete exploration and development activities, acquire international concessions and to ultimately achieve profitable operations. The Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Financial Statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue its operations.

Oil and natural gas exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These include the uncertainty of finding new reserves, the volatility of commodity prices, operational risks, the cost of capital available to fund exploration and development programs, regulatory issues and taxation, and the requirements of new environmental laws and regulations.

There is no assurance that expenditures made on future exploration by Wilton will result in new discoveries of oil or natural gas in commercial quantities. Without the continual addition of new reserves, any existing reserves that Wilton may have at any particular time and the production there from will decline over time as such existing reserves are depleted. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

The long-term commercial success of Wilton depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that Wilton will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Wilton may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas operations are subject to the risks of exploration, development and production of oil and natural gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blowouts, cratering, sour gas releases, fires and spills. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on Wilton and its future results of operations, liquidity and financial condition.

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, including geo political events, all of which are beyond the control of the Corporation. Oil prices are expected to remain volatile and may decline in the near future as a result of global excess supply due to the increased growth of shale oil production in the United States, declines in global demand for exported crude oil commodities, and recent decisions by the Organization of the Petroleum Exporting Countries in respect of member countries' production of oil, among other factors. These recent fluctuations have had a material impact on the oil and natural gas industry.

The Corporation may elect not to produce from certain wells at lower prices in the future. All these factors could result in a material decrease in the Corporation's future net production revenue, causing a reduction in its oil and gas exploration, development and acquisition activities.

In addition, bank borrowings available to the Corporation in the future, if any, will be in part determined by the borrowing base of the Corporation. A sustained material decline in prices from prior relatively higher average prices could reduce the Corporation's future borrowing base, therefore reducing the bank credit available to the Corporation.

Volatility in oil and natural gas prices makes it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers may have difficulty agreeing on the value of such properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

The marketability and price of oil and natural gas which may be acquired or discovered by Wilton will be affected by numerous factors beyond its control. Wilton will be affected by the differential between the price paid by refiners for light quality oil and the grades of oil produced by Wilton. The ability of Wilton to market its oil and natural gas may depend upon its ability to acquire capacity on pipelines which deliver oil and natural gas to commercial markets. Wilton will also likely be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The Corporation manages these risks by contracting competent professional staff, following sound operating practices and the prudent issuance of equity to fund capital expenditures so that debt does not become a burden. Extensive geological, geophysical, engineering and environmental analyses are performed before committing to the exploration of new prospects. These analyses are used to ensure a suitable balance between risk and reward. The Corporation conducts its operations in a manner consistent with environmental regulations as stipulated applicable local legislation. The Corporation is committed to meeting its responsibilities to protect the environment wherever it may operate and anticipates making increased capital and operating expenditures as a result of the increasingly stringent laws relating to the protection of the environment. Wilton's operations are subject to the risks normally associated with the oil and natural gas industry. The Corporation is committed to respecting the safety of its personnel, the environment and the communities where it has operations.

The Corporation is presently pursuing direct investments in international oil and natural gas projects, often competing with companies that possess greater financial and other resources. There is no assurance that oil and natural gas concessions will be granted to the Corporation in foreign jurisdictions where the Corporation is making applications, nor is there assurance that any resulting exploration or development efforts will be successful. If the Corporation is successful in obtaining exploration prospects in foreign jurisdictions, additional capital will be required to execute the exploration and development programs.

If these international investments are successful, the Corporation will be exposed to the laws governing the petroleum industry with respect to matters such as taxation, environmental compliance, and other regulatory and political factors as well as shifts in the politics and labor unrest, any of which could adversely affect the Corporation and its exploration and production activities. The Corporation's business, results of operations, financial condition, and the trading price of its Common Shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of petroleum properties, third party transportation, disruption to export pipelines due to vandalism, political and community unrest, oil prices, title matters, reclamation costs, oil price volatility, competition, additional funding requirements, destruction or expropriation of assets, changes to agreements with co-venturers governing commercial terms of the venture including allocation of tax burdens amongst the co-venturers, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Corporation.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

All financial instruments are initially recognized at the fair value of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit or loss ("FVTPL"), held for- trading, loans and receivables, financial assets available-for-sale, financial assets held-to-maturity, and other financial liabilities.

Financial assets and financial liabilities classified as FVTPL are measured at fair value with changes in fair value recognized in net earnings or loss. Financial assets available-for-sale are measured at fair value, with changes in fair value recognized in other comprehensive income. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method of amortization.

Cash is measured at carrying value which approximates fair value due to the short-term nature of these instruments. Accounts receivable are designated as loans and receivables. Accounts payable and accrued liabilities are designated as other financial liabilities.

The fair value of accounts receivable and accounts payable approximates the carrying value. The main financial risks affecting the Corporation are as follows:

Concentration risk: A majority of the Corporation's cash and cash equivalents are held by one major Canadian banking institution. Deposits held with this bank may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand and bear minimal risk.

Credit risk: The Corporation's principal financial assets are cash and cash equivalents and accounts receivable. The credit risk on cash and cash equivalents is limited because the majority are deposited with banks with high credit ratings.

The Corporation's accounts receivable are primarily from GST from the Canadian government and are subject to credit and political risks that would be considered normal in this environment.

Commodity price risk: The Corporation's operations and financial results may be affected by fluctuations in commodity prices and exchange rates.

SUBSEQUENT EVENTS

On March 1, 2017, the TSX Venture Exchange approved the extension of the expiry date of 1,200,000 common share purchase warrants issued to subscribers as part of the Corporation's private placement financing which closed on September 15, 2014 from March 5, 2017 to April 6, 2017 and on March 29, 2017, subsequently approved further extension from April 6, 2017 to June 6, 2017.

Subsequent to December 31, 2016, 1,598,500 common share purchase warrants and 165,673 finders warrants were exercised for an aggregate proceeds of \$799,250 and \$66,269, respectively and in total 1,764,173 number of common shares were issued. In addition, 426,500 common share purchase warrants expired post December 31, 2016.