

WILTON RESOURCES INC.

Management Discussion and Analysis

For the years ended December 31, 2019 and 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Wilton Resources Inc. ("Wilton" or the "Company") should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2019 and 2018, together with the notes thereto (the "Financial Statements"). 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 regarding the Company is available on the Company's SEDAR profile at www.sedar.com.

This MD&A is dated April 27, 2020 and was prepared by management of the Company. The board of directors of the Company approved this MD&A on April 27, 2020.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Company'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 Company 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 Company 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 Company's ability to continue as a going concern;*
- *the potential impacts of access to capital conditions;*
- *the Company's pursuit to acquire oil and natural gas properties in various international locations, including in the Middle East and Africa;*
- *the Company's liquidity and capital resources;*
- *the nature of the risks faced by the Company; and,*
- *the potential impacts of COVID-19.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- *general economic conditions in Canada, the United States and globally, including reduced availability of debt and equity financing generally;*
- *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;*
- *general business and market conditions.*
- *Economic slow down as a result of COVID-19; and*
- *Changes in commodity prices*

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.

Forward-looking statements or information is based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations and assumptions reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company cannot give any assurance that they will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Company, assumptions have been made regarding, among other things: future exchange rates; energy markets and the price of oil and natural gas; general economic conditions, commodity and financial markets; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the ability to acquire oil and natural gas properties in various international locations, including in the Middle East and Africa; current technology; cash flow; commodity prices; production rates; effects of regulation and environmental and tax laws; future operating costs and the Company’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 Company’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.

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 Company completed its initial public offering by way of a capital pool company prospectus. The Company was listed as a 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 by the acquisition of a certain oil and gas interests.

The Financial Statements of the Company comprise accounts of the Company and its subsidiaries (collectively, the "Company" or "Wilton"). Wilton is currently an oil and gas exploration and development company, with a property in Canada, however, the Company is pursuing oil and gas properties in various international locations including the Middle East and Africa.

The common shares of the Company (“Common Shares”) are listed for trading on the TSXV with the trading symbol WIL.

GOING CONCERN

As at December 31, 2019, the Company had a working capital deficit of \$425,155 (December 31, 2018 - \$534,582). The net cash used in operating activities by the Company during the years ended December 31, 2019, was \$1,478,008 (2018 – \$1,777,239). 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 properties, to miss certain acquisition opportunities and/or to reduce or terminate its operations. There can be no assurance that debt or equity financing 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 Company's ability to continue as a going concern.

The Company's access to capital and the consequences of COVID-19 will impact its ability to complete exploration and development activities, acquire international concessions and to ultimately achieve profitable operations.

CORPORATE UPDATES

On January 3, 2019 the Company granted 100,000 stock options to purchase Common Shares to an officer of the Company. The options vested on the date of the grant and are exercisable for a period of five years from the date of the grant at an exercise price of \$1.00 per Common Share.

On February 13, 2019, the Company closed a private placement for an aggregate of 835,714 units of the Company at a purchase price of \$0.56 per unit for gross proceeds of \$468,000. Each unit consisted of one Common Share and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the unit offering was \$257,188. 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 \$0.70 per Common Share.

On April 30, 2019, the Company entered into a workover participation and earning agreement (the "Workover Agreement") with an Alberta oil and gas company pursuant to which the Company has agreed to participate in a planned workover program with respect to a well near Highvale, Alberta (the "Workover"). Upon execution of the Workover Agreement, the Company paid a \$10,000 signing fee. Pursuant to the Workover Agreement, the Company also paid \$50,000 upon receiving a Workover notice as a fee for its participation in the Workover and earned a 3.833% working interest in the well.

On June 10, 2019, the Company closed a non-brokered private placement of an aggregate of 1,500,000 Common Shares at a purchase price of \$0.30 per Common Share for gross proceeds of \$450,000.

On June 18, 2019, the Company granted 423,480 stock options to purchase Common Shares to certain directors, officers and consultants of the Company. The options vested on the date of grant and are exercisable for a period of five years at an exercise price of \$0.33 per Common Share.

On June 18, 2019, the Company cancelled 180,000 previously issued stock options held by an officer of the Company, which had been issued on June 22, 2017 with an exercise price of \$0.80 per Common Share. The Company then reissued 180,000 stock options having an exercise price of \$0.80 per Common Share and an expiry date of June 22, 2022 to such officer of the Company.

On July 10, 2019, 400,000 stock options to purchase Common Shares held by directors and officers of the Company expired unexercised.

On July 22, 2019, the Company made an application to the TSXV to amend the term of the 4,750,000 Common Share purchase warrants issued to subscribers as part of the Company's private placement financing which closed on August 8, 2017. In accordance with the approval of the TSXV, the Company amended the term of the warrants by extending their expiry date from August 8, 2019 to August 8, 2020. All other terms of the warrants remained the same.

On October 24, 2019, the Company closed a private placement for an aggregate of 1,500,000 units of the Company at a purchase price of \$0.35 per unit for gross proceeds of \$525,000. Each unit consisted of one Common Share and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the unit offering was \$184,593. 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 \$0.40 per Common Share.

On December 12, 2019, the Company closed a private placement for an aggregate of 529,000 units of the Company at a purchase price of \$0.70 per unit for gross proceeds of \$370,300. Transaction costs associated with the private placement were \$31,204. Each unit consisted of one Common Share and one Common Share purchase warrant. The fair value assigned to the purchase warrants pursuant to the unit offering was \$176,497. 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 \$1.00 per Common Share.

In connection with the December 12, 2019 private placement, the Company paid a finders' fee to Haywood Securities Inc. consisting of a cash payment of \$24,019 and 34,312 non-transferable finder warrants. Each of the finder warrants issued to Haywood Securities Inc. entitles the holder to acquire one Common Share for a period of twenty-four months from the date of issuance at an exercise price of \$0.72 per Common Share.

On December 29, 2019, a director and an officer of the Company exercised stock options to acquire an aggregate of 200,000 Common Shares at exercise price of \$0.30 per Common Share and gross proceeds to the Company of \$60,000. The Common Shares relating to this option exercise were subsequently issued by the Company on January 24, 2020. A further 175,000 stock options to purchase Common Shares held by certain consultants of the Company expired unexercised on December 29, 2019.

SUBSEQUENT EVENTS

On January 6, 2020, the Board of Directors of the Company granted 975,000 stock options to purchase Common Shares to certain directors, officers and consultants of the Company. The Options vest on the date of issuance and are exercisable for a period of five years from the date of grant at an exercise price of \$0.50 per share.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Company's operations. The operations the Company could be negatively impacted by the regional and global outbreak of COVID-19, for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Company's operations may adversely impact the Company's revenues and its ability to operate as well as commodity prices. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area of their operations. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

On March 26, 2020, the Company closed a non-brokered private placement of 2,000,000 Common Shares at a purchase price of \$0.25 per Common Share for gross proceeds of \$500,000

Summary Financial Information

As of December 31	2019	2018	2017
Revenue	\$ 13,367	\$ -	\$ -
Cash used in operations	(1,478,008)	(1,777,239)	(5,355,917)
Cash from financing activities	1,688,259	1,722,328	5,225,130
Net loss	(1,794,954)	(2,233,551)	(5,818,518)
Loss per share - basic and diluted	(0.03)	(0.04)	(0.13)

As at	December 31, 2019	December 31, 2018	December 31, 2017
Total assets	\$ 696,612	\$ 400,053	\$ 770,778
Current assets	642,270	400,053	770,608
Current liabilities	1,067,195	934,635	1,074,174
Working capital deficiency	425,155	534,582	303,396
Total non-current financial liabilities	46,770	47,379	44,785
Common Shares outstanding	55,963,832	51,599,118	49,474,846

SUMMARY OF QUARTERLY RESULTS

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

Three months ended,	December 31		September 30		June 30		March 31	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue								
Petroleum and natural gas sales	\$ 12,680	\$ -	\$ 687	\$ -	\$ -	\$ -	\$ -	\$ -
Less:								
Royalty	2,162	-	33	-	-	-	-	-
	10,518	-	654	-	-	-	-	-
Expenses								
Production	5,219	-	326	-	-	-	-	-
General and administrative	407,283	351,784	368,359	456,916	424,833	415,340	323,984	361,072
Accretion of decommissioning obligations	(4,334)	2,090	232	168	232	168	232	168
Share based compensation	-	265,862	-	348,172	197,026	18,769	74,047	13,041
Depletion	8,687	-	-	-	-	-	-	-
	416,855	619,736	368,917	805,256	622,091	434,277	398,263	374,281
Net Loss for the period	\$ 406,337	\$ 619,736	\$ 368,263	\$ 805,256	\$ 622,091	\$ 434,277	\$ 398,263	\$ 374,281
Loss per share – basic and diluted	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

Fourth Quarter 2019 vs Fourth Quarter 2018

- Revenue increased to \$12,680 compared to Q4 2018 due to the new working interest in the new well.
- General and administrative expenses increased \$55,496 due increased consulting fees and increased officer expense.
- Production costs were \$5,219 compared to \$nil in 2018 due to the new working interest in the new well.
- Share based compensation was \$nil compared to \$265,862 as no new options were issued

DISCUSSION OF OPERATIONS

On April 30, 2019, the Company entered into the Workover Agreement with an Alberta oil and gas company pursuant to which the Company has agreed to participate in the Workover. Upon execution of the Workover Agreement, the Company paid a \$10,000 signing fee. Pursuant to the Workover Agreement, the Company also paid \$50,000 upon receiving a workover notice as a fee for its participation in the Workover and earned a 3.833% working interest in the well.

The Company's business development plan is focused upon acquiring international oil and natural gas interests. Wilton's revenue for the year ended December 31, 2019 were \$13,367 (2018 - \$nil). Royalty costs were \$2,195 (2018 - \$nil) and production costs were \$5,545 (2018 - \$nil). General and administrative expenses for the year ended December 31, 2019 were \$1,524,459 (2018 - \$1,585,113). The Company is dedicating resources, including third party consultants, to identify and evaluate potential international oil and natural gas property acquisitions.

General and administrative details for years ended December 31:

	2019	2018
Professional	\$ 232,767	\$ 291,764
Officer & Consulting Costs	886,251	733,984
Office and administrative	289,965	287,912
Travel and meals	115,476	271,453
Total	<u>\$ 1,524,459</u>	<u>\$ 1,585,113</u>

General and administrative expenses decreased in the year ended December 31, 2019 over the prior comparative period principally due to the net effect of the following:

- Professional fees decreased to \$232,767 (2018 - \$291,764) as a result of decreased legal fees;
- Officer & Consulting costs increased to \$886,251 (2018 - \$733,984) primarily as a result of officer compensation and consultant cost increases;
- Travel and meals decreased to \$115,476 (2018 - \$271,453) as a result of decreased travel costs incurred related to supporting the Company's activities in identifying and evaluating potential acquisitions.

The Company received \$13,367 (2018 - \$ nil) in revenue from production for the year ended December 31, 2019 from the Company's workover program near Highvale, Alberta.

LIQUIDITY AND CAPITAL RESOURCES

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

As previously highlighted under the Going Concern section of this MD&A, significant doubt exists about the Company's ability to continue as a going concern. As at December 31, 2019, the Company had working capital deficit of \$425,155 including cash of \$280,923 compared with a working capital deficit of \$534,582 including cash of \$130,672 at December 31, 2018. The Company continues to experience negative operating cash flow as a result of limited revenue from its Canadian oil and natural gas assets, coupled with the Company's ongoing expenses

related to its international oil and natural gas business development activities. The Company anticipates a negative operating cash flow will continue until such time as international oil and natural gas assets are acquired or developed.

In order to satisfy its existing liabilities and maintain further operations and to carry out its ongoing oil and natural gas acquisition, exploration and development activities, 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. Unfavorable global economic conditions, unfavorable global oil market conditions, scarce credit, volatile capital markets and the consequences of COVID-19 may exacerbate Wilton's liquidity risk.

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

In 2014, the Company entered into an agreement with Rick Anderson, Chief Executive Officer and a Director, whereby the Company pays Mr. Anderson for office rental. During the year ended December 31, 2019, the Company recorded \$48,000 as an expense for office rental (2018 - \$49,360). At December 31, 2019, Mr. Anderson owed the Company \$325,699 (December 31, 2018 - \$248,626). The December 31, 2019 amount represents an advance on operating expenses that will be drawn down as incurred on behalf of Wilton in addition to expenses reimbursed by the Company and repayment.

ACCOUNTING POLICIES & CRITICAL ACCOUNTING ESTIMATES

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

The preparation of the Financial Statements in conformity with IFRS requires the Company 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 Company 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 Company has applied all Standards and Interpretations issued or adopted by the International Accounting Standards Board.

NEW ACCOUNTING STANDARDS

IFRS 16 – Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019. Effective January 1, 2019, the Company adopted the standard and the adoption did not have an impact as the Company currently has no leases with terms greater than 12 months.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

ISSUED AND OUTSTANDING SECURITIES INFORMATION

(a) Preferred Shares

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

Issued share capital

The Company had 55,963,832 Common Shares outstanding as of December 31, 2019.

	Number of Common Shares	Number of Stock Options	Number of Warrants/Agents Options
Balance at December 31, 2018	51,599,118	4,870,000	5,050,000
Common Shares issued	4,364,714	-	-
Warrants issued	-	-	2,899,026
Warrants expired	-	-	(300,000)
Options exercised ⁽¹⁾	-	(200,000)	-
Options granted	-	523,480	-
Options cancelled	-	(180,000)	-
Options reissued	-	180,000	-
Options expired	-	(575,000)	-
Balance at December 31, 2019	55,963,832	4,618,480	7,649,026

(1) On December 29, 2019, 200,000 stock options held by directors and officers were exercised with the Common Shares issued subsequent to the year ended December 31, 2019.

Stock Options

During the year ended December 31, 2019, 575,000 stock options expired (2018 – 750,000), 200,000 stock options were exercised (2018 – nil) with the Common Shares relating to such exercise being issued subsequent to the year ended December 31, 2019 on January 24, 2020, the Company cancelled 180,000 stock options (2018 – nil) and issued a total of 703,480 stock options (2018 – 780,000).

Stock options issued and outstanding as of December 31, 2019 were as follows:

Exercise Price	Number Outstanding	Number Exercisable	Issue Date	Expiration Date
\$0.18	685,000	685,000	February 17, 2016	February 17, 2021
\$0.58	1,740,000	1,740,000	October 31, 2016	October 31, 2021
\$0.63	150,000	150,000	December 1, 2016	December 1, 2021
\$0.85	560,000	560,000	October 13, 2017	October 13, 2022
\$0.98	130,000	130,000	June 6, 2018	June 6, 2023
\$1.00	400,000	400,000	July 24, 2018	July 24, 2023
\$1.10	250,000	250,000	November 1, 2018	November 1, 2023
\$1.00	100,000	100,000	January 3, 2019	January 3, 2024
\$0.80	180,000	180,000	June 18, 2019	June 22, 2022
\$0.33	423,480	423,480	June 18, 2019	June 18, 2024
	4,618,480	4,618,480		

Warrants

On July 22, 2019, the Company made an application to the TSXV to amend the term of 4,750,000 common share purchase warrants issued to subscribers as part of the Company's private placement financing which closed on August 8, 2017. In accordance with the approval of the TSXV, the Company amended the terms of the warrants by extending their expiry date from August 8, 2019 to August 8, 2020. All other terms of the warrants remain the same.

As at December 31, 2019, the Company had the following warrants outstanding:

Exercise price		Number outstanding	Expiration date
\$1.05		4,750,000	August 8, 2020
\$0.70		835,714	February 13, 2021
\$0.40		1,500,000	October 24, 2021
\$1.00	(1)	529,000	December 11, 2021
\$0.72	(2)	34,312	December 11, 2021
		7,649,026	

Note (1): If at any time prior to the expiry of the purchase warrants the trading price of the Common Shares exceeds \$1.50 for a certain period of time, the Company 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.

As at the date of this MD&A, the Company had 58,163,832 Common Shares, 5,593,480 stock options and 7,649,026 share purchase warrants issued and outstanding.

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 Company's operations and financial results that are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

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

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 Company 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 Company conducts its operations in a manner consistent with environmental regulations as stipulated in applicable local legislation. The Company 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 Company is committed to respecting the safety of its personnel, the environment and the communities where it has operations.

The Company 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 Company in foreign jurisdictions where the Company is making applications, nor is there assurance that any resulting exploration or development efforts will be successful. If the Company 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 Company 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 Company and its exploration and production activities. The Company'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 Company.

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. The current travel bans in place may delay the Company's ability to acquire international assets.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company recognizes financial assets and financial liabilities, including derivatives, on the consolidated statements of financial position when the Company becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the Financial Statements when the liability is extinguished either through settlement of or release from the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

Amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows, and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities which meet the definition of a derivative and liabilities incurred for the purposes of selling or repurchasing in the short-term, if they are held for trading.

Fair value through other comprehensive income

A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest on the principal amount outstanding.

Fair value through profit or loss

All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, which includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Company may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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

Concentration risk

A majority of the Company's cash is 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 Company's principal financial assets are cash and accounts receivable. The credit risk on cash is limited because the majority of cash of the Company is deposited with banks with high credit ratings.

The Company's accounts receivable are primarily from a director of the Company and GST from the Canadian government and are subject to credit risks that would be considered normal.

Commodity price risk

The Company's operations and financial results may be affected by fluctuations in commodity prices and exchange rates.