

Interim Consolidated Financial Statements of

**WILTON RESOURCES INC.**

As at and for the three and nine-month periods ended September 30, 2021 and 2020

(UNAUDITED)

<b>As At</b>	Note	<b>September 30, 2021</b>	December 31, 2020
<b>Assets</b>			
Current Assets			
Cash		\$ 257,210	\$ 275,912
Accounts receivable	12	331,684	263,764
Prepaid expenses		26,226	62,632
		<b>615,120</b>	602,308
Property and equipment	5	40,962	44,779
<b>Total Assets</b>		<b>\$ 656,082</b>	<b>\$ 647,087</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 1,141,197	\$ 1,177,492
Deferred share capital contributions	7	-	300,000
		<b>1,141,197</b>	1,477,492
Decommissioning obligation	6	48,374	49,653
<b>Total Liabilities</b>		<b>1,189,571</b>	1,527,145
<b>Shareholders' Equity (Deficit)</b>			
Share capital	7	16,110,878	15,216,302
Warrants	9	1,210,897	717,686
Contributed surplus		7,800,500	7,498,024
Deficit		(25,655,764)	(24,312,070)
		<b>(533,489)</b>	<b>(880,058)</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>		<b>\$ 656,082</b>	<b>\$ 647,087</b>
Going concern	2		
Subsequent events	14		

See accompanying notes to the interim consolidated financial statements.

These interim consolidated financial statements were approved by the Directors of the Company.

(signed) "Richard Anderson" , Director

(signed) "Gerald Roe" , Director

**WILTON RESOURCES INC.****Interim Consolidated Statements of Operations and Comprehensive Loss (Unaudited)  
For the three and nine-month periods ended September 30, 2021 and 2020**

	Note	For the three months ended September 30		For the nine months ended September 30	
		2021	2020	2021	2020
<b>Revenue</b>					
Petroleum and natural gas sales		\$ 3,031	\$ 2,724	\$ 8,801	\$ 9,857
Less:					
Royalty		85	62	246	561
		<b>2,946</b>	2,662	<b>8,555</b>	9,296
<b>Expenses</b>					
Production		1,254	3,071	3,767	5,557
Remediation recovery		53	-	(1,119)	-
General and administrative	11	215,556	209,445	757,023	919,978
Stock-based compensation	8	-	-	466,191	456,293
Accretion and change in estimate of decommissioning obligation	6	166	1,037	(1,279)	1,909
Depletion	5	1,176	1,748	3,817	7,877
		<b>218,205</b>	215,301	<b>1,228,400</b>	1,391,614
<b>Net loss and comprehensive loss</b>					
		\$ 215,259	\$ 212,639	\$ 1,219,845	\$ 1,382,318
<b>Loss per share - basic and diluted</b>					
	10	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02

See accompanying notes to the interim condensed consolidated financial statements.

**WILTON RESOURCES INC.****Interim Consolidated Statements of Cash Flows (Unaudited)****For the three and nine-month periods ended September 30, 2021 and**

	Note	For the three months ended September 30		For the nine months ended September 30	
		2021	2020	2021	2020
<b>Cash flows used in operating activities</b>					
Net loss		\$ (215,259)	\$ (212,639)	\$ (1,219,845)	\$ (1,382,318)
Items not affecting cash:					
Stock-based compensation	8	-	-	466,191	456,293
Accretion and change in estimate of decommissioning obligation	6	166	1,037	(1,279)	1,909
Depletion	5	1,176	1,748	3,817	7,877
Change in non-cash working capital		40,036	129,978	(367,809)	37,821
<b>Net cash used in operating activities</b>		<b>(173,881)</b>	<b>(79,876)</b>	<b>(1,118,925)</b>	<b>(878,418)</b>
<b>Cash flows from financing activities</b>					
Shares to be issued	7	(367,501)	-	-	-
Exercise of options	7	-	-	123,300	60,000
Proceeds on issuance of shares, net	7	412,808	236,141	976,923	724,358
<b>Net cash provided by financing activities</b>		<b>45,307</b>	<b>236,141</b>	<b>1,100,223</b>	<b>784,358</b>
<b>Cash flows used in investing activities</b>					
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in cash</b>		<b>(128,574)</b>	<b>156,265</b>	<b>(18,702)</b>	<b>(94,060)</b>
<b>Cash, beginning of period</b>		<b>385,784</b>	<b>30,598</b>	<b>275,912</b>	<b>280,923</b>
<b>Cash, end of period</b>		<b>\$ 257,210</b>	<b>\$ 186,863</b>	<b>\$ 257,210</b>	<b>\$ 186,863</b>

See accompanying notes to the interim consolidated financial statements.

**WILTON RESOURCES INC.****Interim Consolidated Statements of Changes in Shareholders' Deficit (Unaudited)  
For the three and nine-month periods ended September 30, 2021 and 2020**

	Share capital	Contributed surplus	Warrants/ agents' options	Deficit	Total
Balance at January 1, 2021	\$ 15,216,302	\$ 7,498,024	\$ 717,686	\$ (24,312,070)	\$ (880,058)
Issuance of Common Shares and units, net	976,923	-	-	-	976,923
Options exercised	287,015	(163,715)	-	-	123,300
Warrants issued as part of units (note 7)	(369,362)	-	369,362	-	-
Warrant extension (note 9)	-	-	123,849	(123,849)	-
Share-based compensation (note 8)	-	466,191	-	-	466,191
Net loss and comprehensive loss	-	-	-	(1,219,845)	(1,219,845)
<b>Balance at September 30, 2021</b>	<b>\$ 16,110,878</b>	<b>\$ 7,800,500</b>	<b>\$ 1,210,897</b>	<b>\$ (25,655,764)</b>	<b>\$ (533,489)</b>
Balance at January 1, 2020	\$ 14,446,481	\$ 5,648,021	\$ 2,096,859	\$ (22,608,944)	\$ (417,583)
Issuance of common shares, net	724,358	-	-	-	724,358
Warrants issued (Note 7)	(79,137)	-	79,137	-	-
Warrants expired (Note 9)	-	1,458,310	(1,458,310)	-	-
Option Exercised	124,600	(64,600)	-	-	60,000
Share-based compensation (Note 8)	-	456,293	-	-	456,293
Net loss and comprehensive loss	-	-	-	(1,382,318)	(1,382,318)
<b>Balance at September 30, 2020</b>	<b>\$ 15,216,302</b>	<b>\$ 7,498,024</b>	<b>\$ 717,686</b>	<b>\$ (23,991,262)</b>	<b>\$ (559,250)</b>

See accompanying notes to the interim consolidated financial statements.

# **WILTON RESOURCES INC.**

## **Notes to the Interim Consolidated Financial Statements (Unaudited)**

### **For the three and nine-month periods ended September 30, 2021 and 2020**

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#### **1. General business description**

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 (“IPO”) by way of a capital pool company prospectus. The Company 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.

The interim consolidated 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.

The head office of the Company is located at 1404 Joliet Avenue SW, Calgary, Alberta, T2T 1S2 and the registered and records address of the Company is located at 1900, 520-3rd Ave SW, Calgary, Alberta, T2P 0R3.

#### **2. Going concern**

As at September 30, 2021, the Company has a working capital deficit of \$526,077 (December 31, 2020 - \$875,184). 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. Failure to obtain such financing on a timely basis could cause Wilton to forfeit its interest in its properties, to miss acquisition opportunities and/or to reduce or terminate its operations. There can be no assurance that debt or equity financing will be available or for an amount sufficient to meet the Company’s needs and intentions, 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 may cast significant doubt on the Company’s ability to continue as a going concern.

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 current and expected impacts on global commerce are anticipated to be far-reaching. To date, there have been significant stock market volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods have become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company’s operations. Global oil prices declined significantly as a result of reduced demand driven by the coronavirus pandemic and concerns of excess supply resulting from failed negotiations between OPEC and other countries. As of now, there remains a considerable uncertainty regarding the duration and extent of oil demand destruction from the COVID-19 pandemic. The extent to which COVID-19 impacts the Company’s results long-term will depend on future developments, which are highly uncertain and cannot be predicted, including the timing of the recovery and actions taken to contain COVID-19. COVID-19 may limit management’s ability to travel and conduct meetings with third parties. In person meetings are important to generating and progressing investment opportunities. The availability of third parties to meet or conduct business with respect to the opportunities Wilton

## WILTON RESOURCES INC.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

#### For the three and nine-month periods ended September 30, 2021 and 2020

is pursuing may be impacted with priorities shifting to managing personal safety and present operations.

#### 3. Basis of presentation

These Interim Consolidated Financial Statements are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The disclosures herein are incremental to those included with the audited annual consolidated financial statements as at and for the year ended December 31, 2020 and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2020. These Interim Consolidated Financial Statements were authorized for issue by the board of directors on November 24, 2021.

These Interim Consolidated Financial Statements are presented in Canadian dollars which is the Company's functional currency. In preparing these Interim Consolidated Financial Statements, methods of computation and significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2020.

#### 4. Significant accounting policies

These Financial Statements follow the same accounting principles and methods of application as those disclosed in note 4 of the Company's annual Consolidated Financial Statements as at and for the year ended December 31, 2020.

#### 5. Property and equipment

<b>Petroleum and natural gas</b>	
<b>Cost</b>	
Balance at January 1, 2021	\$ 930,219
<b>Balance at September 30, 2021</b>	<b>\$ 930,219</b>
<b>Accumulated depletion and impairment</b>	
Balance at January 1, 2021	\$ 885,440
Depletion	3,817
Balance at September 30, 2021	889,257
<b>Net book value, January 1, 2021</b>	<b>\$ 44,779</b>
<b>Net book value, September 30, 2021</b>	<b>\$ 40,962</b>

Depletion of \$1,274 and \$2,641 was recorded for the three and nine-month periods ended September 30, 2021 (2020 - \$3,015 and \$6,129).

#### 6. Decommissioning obligation

Balance, January 1, 2021	\$ 49,653
Accretion	498
Change of estimate	(1,777)
<b>Balance September 30, 2021</b>	<b>\$ 48,374</b>

## WILTON RESOURCES INC.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

#### For the three and nine-month periods ended September 30, 2021 and 2020

#### 7. Share capital

##### (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, as 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.

	Number of shares
Balance at January 1, 2020	59,163,832
Shares issued	2,741,430
Options exercised	685,000
<b>Balance, September 30, 2021</b>	<b>62,590,262</b>

On January 26, 2021, the Company closed a private placement for an aggregate of 999,999 units of the Company at a purchase price of \$0.35 per unit for gross proceeds of \$350,000. Each unit sold pursuant to the private placement 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 \$145,406. Each purchase warrant entitles the holder thereof 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. \$300,000 was received during the year ended December 31, 2020 and recorded as Deferred share capital contributions.

The fair value of the purchase warrants granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

Annualized volatility	99.20%
Dividend yield	0%
Risk-free interest rate	0.17%
Expected option life	2 years

In February 2021, the Company received exercise notice for 685,000 stock options that were issued on February 17, 2016 with an exercise price of \$0.18 per share. The Company received proceeds of \$123,300 in exchange for 685,000 Common Shares.

On April 9, 2021, the Company closed a private placement for an aggregate of 520,000 units of the Company at a purchase price of \$0.50 per unit for gross proceeds of \$260,000. Each unit sold pursuant to the private placement 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 \$85,560. Each purchase warrant entitles the holder thereof to purchase an additional Common Share for a period of twenty-four months from the date of issuance at an exercise price of \$0.55 per Common Share.

In Connection with the April 9, 2021 unit offering, the Company paid a finder's fee to Haywood Securities Inc. consisting of a cash payment of \$15,600 and 31,200 non-transferable finder warrants. The fair value assigned to the purchase warrants pursuant to the unit offering was \$5,295. Each finder warrant 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 \$0.50 per Common Share.

## WILTON RESOURCES INC.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

#### For the three and nine-month periods ended September 30, 2021 and 2020

The fair value of the purchase warrants granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

Annualized volatility	98.21%
Dividend yield	0%
Risk-free interest rate	0.24%
Expected option life	2 years

On July 14, 2021, the Company closed a non-brokered private placement for an aggregate of 1,221,431 of units of the Company at a purchase price of \$0.35 per unit for gross proceeds of \$427,501.20. Each unit sold pursuant to the private placement 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 \$133,101. Each purchase warrant entitles the holder thereof 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.

The fair value of the purchase warrants granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

Annualized volatility	97.51%
Dividend yield	0%
Risk-free interest rate	0.45%
Expected option life	2 years

#### 8. Stock options

	Number of options
Balance at January 1, 2021	5,593,480
Options issued	1,176,399
Options exercised	(685,000)
Balance, September 30, 2021	6,084,879

At September 30, 2021, the Company had 6,084,879 (2019 - 5,593,480) issued and outstanding stock options. The options are held by officers, directors and consultants of the Company.

As at September 30, 2021, the Company had stock options outstanding and exercisable as follows:

Exercise Price	Number Outstanding	Number Exercisable	Issue Date	Expiration Date
\$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
\$0.50	975,000	975,000	January 6, 2020	January 6, 2025
\$0.52	1,176,399	1,176,399	February 26, 2021	February 26, 2026
	6,084,879	6,084,879		

## WILTON RESOURCES INC.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

#### For the three and nine-month periods ended September 30, 2021 and 2020

On February 26, 2021, the Company granted 1,176,399 stock options to purchase Common Shares of the Company 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 year from the date of grant at an exercise price of \$0.52 per share. The fair value of the options was \$0.41

The fair value of the options granted was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

Annualized volatility	97%
Dividend yield	0%
Risk-free interest rate	0.88%
Expected option life	5 years

The share-based compensation for the three and nine-month periods ended September 30, 2021 was \$nil and \$466,191 (2020 - \$nil and \$456,293).

#### 9. Warrants

	Number of warrants
Balance at January 1, 2021	3,899,026
Warrants issued (note 7)	2,772,630
Balance, September 30, 2021	6,671,656

As at September 30, 2021, the Company had the following warrants outstanding:

Exercise price		Number outstanding	Expiration date
\$0.70	(1)	835,714	February 13, 2022
\$0.40		1,500,000	October 24, 2021
\$1.00	(2)	529,000	December 11, 2021
\$0.72	(3)	34,312	December 11, 2021
\$0.30		1,000,000	September 14, 2022
\$0.40		999,999	January 26, 2023
\$0.55	(2)	520,000	April 9, 2023
\$0.50	(3)	31,200	April 9, 2023
\$0.40		1,221,431	July 14, 2021
		6,671,656	

Note (1): The expiry date of these warrants were extended from February 13, 2021 to February 13, 2022

Note (2): 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 (3): These warrants were issued to agents as finder's warrants.

On February 2, 2021, the Company received TSXV approval to amend the term of 835,714 Common Share purchase warrants issued to subscribers as part of the Company's private placement financing which closed on February 13, 2019.

## WILTON RESOURCES INC.

### Notes to the Interim Consolidated Financial Statements (Unaudited)

#### For the three and nine-month periods ended September 30, 2021 and 2020

The expiry date of such Warrants were extended from February 21, 2021 to February 13, 2022. All other terms of the Warrants remain the same.

The warrants are not owned by, directly or indirectly, any of the Company's directors, officers or control persons.

#### 10. Loss per share

The weighted average number of shares outstanding for the three and nine-month periods ended September 30, 2021 was 61,710,569 and 61,326,474 (2020 – 58,163,832 and 57,212,184). For the three and nine-month periods ended September 30, 2021 and 2020, the outstanding options, purchase and finders' warrants were excluded from the diluted loss per share calculation as the instruments were anti-dilutive.

#### 11. General and administrative

For the three and nine-month periods ended September 30, 2021, the Company incurred general and administrative expenses of \$215,556 and \$757,023 (2020 – \$209,445 and \$919,978). The decrease over the nine-months period ended was primarily due to reduced travel (as a result of COVID-19) and consulting expenses in connection with identifying and evaluating potential acquisitions.

#### 12. 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 three and nine-month periods ended September 30, 2021, the Company recorded \$12,000 and \$36,000 as an expense for office rental (2020 - \$12,000 and \$36,000). At September 30, 2021, Mr. Anderson owed the Company \$319,410 (December 31, 2020 - \$257,531). The September 30, 2021 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.

#### 13. Officers and Directors Compensation

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Short-term Compensation	\$ 107,500	\$ 107,500	\$ 322,500	\$ 379,643
Stock-based Compensation	-	-	301,082	233,996
Total	\$ 107,500	\$ 107,500	\$ 623,582	\$ 613,639

## **WILTON RESOURCES INC.**

### **Notes to the Interim Consolidated Financial Statements (Unaudited)**

#### **For the three and nine-month periods ended September 30, 2021 and 2020**

#### **14. Subsequent Events**

On October 21, 2021, the Company announced a non-brokered private placement of units of the Company at a purchase price of \$0.36 per unit for gross proceeds of a minimum of \$252,000. Each unit will be comprised of one common share in the capital of the Company and one Common Share purchase warrant ("Warrant"). Each Warrant will entitle the holder to purchase one Common Share for a period of 24 months from the date of issuance at an exercise price of \$0.48 (the "Exercise Price"), subject to an accelerated expiry as described below.

In the event that the 20-day volume weighted average price of the Common Shares as listed on the TSX Venture Exchange (the "TSXV") is greater than \$1.50, the Corporation may accelerate the expiry date of the Warrants by giving notice to the holders thereof and, in such case, the Warrants will expire on the 10th day after the date on which such notice is given.

On October 24, 2021, 375,000 warrants were exercised at a price of \$0.40 for aggregate proceeds of \$150,000. 1,125,000 warrants expired unexercised.

On November 2, 2021, the Board of Directors of the Company granted 2,018,000 stock options to purchase common shares of the Company 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 grant at an exercise price of \$0.50 per share.