

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2019

(Expressed in Canadian dollars - unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

	September 30, 2019 (unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	\$ 3,949	\$ 24,667
Receivables	8,844	6,779
Prepaid expenses	-	5,787
	12,793	37,233
Non-current assets:		
Restricted cash	127,843	136,440
Equipment, net	-	10,196
Exploration and evaluation – oil and gas (note 3)	-	1,904,033
	127,843	2,050,669
Total assets	\$ 140,636	\$ 2,087,902
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 523,067	\$ 1,168,460
Convertible debentures (note 4)	-	1,232,215
Notes payable (note 5)	166,523	71,398
	689,590	2,472,073
Shareholders' equity (deficiency)		
Share capital (note 7)	27,246,926	27,246,926
Share-based payment reserve (note 7)	5,394,772	5,394,772
Deficit	(33,190,652)	(33,025,869)
	(548,954)	(384,171)
Total liabilities and shareholders' equity (deficiency)	\$ 140,636	\$ 2,087,902

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"Gavin Cooper"

"Martin Bajic"

See accompanying notes to the condensed interim financial statements

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars - unaudited)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Operating Expenses:				
Corporate office (Note 8)	\$ 41,000	\$ 130,367	\$ 278,363	\$ 408,709
General and administrative (notes 8)	17,887	24,120	82,921	85,232
Amortization	-	85	-	257
	(58,887)	(154,572)	(361,284)	(494,198)
Other Items:				
Write-off of equipment	-	-	(10,196)	-
Interest and accretion expense (notes 4 and 5)	(3,285)	(42,771)	(62,069)	(260,831)
Gain (loss) on foreign exchange	497	(11,068)	(10,684)	(12,746)
Change in derivative liability	-	815	-	185,947
Gain on disposition of exploration and evaluation assets (note 6)	-	-	279,450	-
	(2,788)	(53,564)	196,501	(87,630)
Net income (loss) and comprehensive income (loss)	\$ (61,675)	\$ (208,136)	\$ (164,783)	\$ (581,828)
Income (loss) per share – basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted	43,771,659	43,806,059	43,771,659	43,747,262

See accompanying notes to the condensed interim financial statements

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars - unaudited)

	Share capital		Share-based payment reserve	Deficit	Total
	Number of shares	Amount			
Balance at December 31, 2017	43,646,659	\$ 27,211,302	\$ 5,409,146	\$(22,590,547)	\$ 10,029,901
Shares issued on exercise of options	125,000	21,250	-	-	21,250
Shares issued for services	70,000	9,450	-	-	9,450
Comprehensive loss:					
Net loss	-	-	-	(581,828)	(581,828)
Balance at September 30, 2018	43,771,659	\$ 27,242,202	\$ 5,409,146	\$(23,172,375)	\$ 9,359,233
Balance at December 31, 2018	43,771,659	\$ 27,246,926	\$ 5,394,772	\$(33,025,869)	\$ (384,171)
Comprehensive loss:					
Net loss	-	-	-	(164,783)	(164,783)
Balance at September 30, 2019	43,771,659	\$ 27,246,926	\$ 5,394,772	\$ (33,190,652)	\$ (548,954)

See accompanying notes to the condensed interim financial statements

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Interim Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating activities		
Net loss	\$ (164,783)	\$ (581,828)
Items not involving cash		
Amortization	-	257
Interest and accretion expense of convertible debt	58,784	169,310
Gain on change in derivative liability	-	(185,947)
Write-off of equipment	10,196	-
Gain on disposition of exploration and evaluation assets	(279,450)	-
Changes in non-cash working capital		
Receivables	(2,065)	7,729
Prepaid expenses	-	-
Accounts payable and accrued liabilities	261,475	557,596
Net cash used in operating activities	(115,843)	(32,883)
Investing activities		
Expenditures on exploration and evaluation asset – oil and gas	-	(126,841)
Acquisition of equipment	-	-
Net cash used in investing activities	-	(126,841)
Financing activity		
Promissory notes proceeds (repayment)	95,125	17,500
Shares issued for cash and services, net of issue costs	-	9,450
Shares issued for cash – exercise of options	-	21,250
Net cash provided by financing activities	95,125	48,200
Increase (decrease) in cash	(20,718)	(111,524)
Cash, beginning of year	24,667	128,911
Cash, ending of period	\$ 3,949	\$ 17,387

See accompanying notes to the condensed interim financial statements

ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Condensed Interim Financial Statements

(Expressed in Canadian - unaudited)

For the Three and Nine Months Ended September 30, 2019

1. Nature of Operations and Going Concern

ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (the "Company") is currently exploring business opportunities in different markets. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "ZTR".

The head office and the registered and records office of the Company are located at Suite 918 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at June 30, 2019 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. During the nine months ended September 30, 2019, the Company incurred a net and comprehensive loss of \$164,783 and, as of that date, the Company had a working capital deficiency of \$576,797. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. Significant accounting policies

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company's December 31, 2018 audited annual consolidated financial statements and the notes to such financial statements.

These financial statements are based on the IFRS issued and effective as of November 29, 2019, the date these financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements, except for the impact of the changes in accounting policies disclosed below:

(a) New accounting standard and interpretation

The Company has adopted the following new accounting standard and interpretation:

IFRS 16, Leases (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's financial statements.

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

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(Expressed in Canadian - unaudited)

For the Three and Nine Months Ended September 30, 2019

3. Exploration and Evaluation Asset – Oil and Gas

The Company's oil and gas exploration and evaluation assets were comprised of two properties in east Africa. On February 21, 2019, the Company entered into a Debt Settlement Agreement (the "Agreement") with the convertible debenture holders to settle the outstanding convertible debentures (note 4) and accrued interest with 100% of the issued and outstanding common shares of Oyster Oil & Gas Limited ("Oyster BVI"). Oyster BVI has the 100% working interest of exploration and evaluation stage oil and gas assets in both Djibouti and Madagascar (combined as the "Exploration and Evaluation Assets"). Pursuant to the Agreement, ownership of the Exploration and Evaluation Assets transferred to the convertible debenture holders along with the common shares of Oyster BVI. The convertible debenture holders also assumed the accrued liabilities at Oyster BVI as part of the Agreement.

The carrying values as at September 30, 2019 and December 31, 2018 as follows:

	September 30, 2019	December 31, 2018
Republic of Djibouti	\$ -	\$ 1,203,595
Republic of Madagascar	-	700,438
	\$ -	\$ 1,904,033

Republic of Djibouti

Exploration and evaluation expenditures incurred and dispositions on this property for the nine months ended September 30, 2019 and year ended December 31, 2018 is as follows:

Balance, December 31, 2017	\$ 7,263,895
Field and technical work	2,719
Field office, management and administration	74,838
Impairment	(6,137,857)
Balance, December 31, 2018	1,203,595
Disposition	(1,203,595)
Balance, September 30, 2019	\$ -

Republic of Madagascar

Exploration and evaluation expenditures incurred and dispositions on this property for the nine months ended September 30, 2019 and year ended December 31, 2018 is as follows:

Balance, December 31, 2017	\$ 4,145,543
Field office, management and administration	126,855
Impairment	(3,571,960)
Balance, December 31, 2018	700,438
Disposition	(700,438)
Balance, September 30, 2019	\$ -

4. Convertible Debentures

During the three and nine months ended September 30, 2019, contractual interest and accretion expense of \$Nil and \$54,473 (2018: \$12,334 and \$169,310) was accrued and included in interest expense. On February 21, 2019, the Company entered into a settlement agreement with the debenture holders to settle the outstanding principals and accrued interest. The agreement completed on June 19, 2019.

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Notes to the Condensed Interim Financial Statements

(Expressed in Canadian - unaudited)

For the Three and Nine Months Ended September 30, 2019

5. Notes payable

On February 28, 2019, the Company issued notes payable to an arm's length party in the amount of \$50,000. The balance was unsecured, bearing an interest rate of 10% per annum and due February 28, 2020. During the nine months ended September 30, 2019, the Company accrued interest of \$2,931 (2018: \$nil).

On May 15, 2019, the Company issued notes payable to an arm's length party in the amount of \$10,000. The balance was unsecured, bearing an interest rate of 10% per annum and due May 15, 2020. During the nine months ended September 30, 2019, the Company accrued interest of \$378 (2018: \$nil).

On September 16, 2019, the Company issued notes payable to an arm's length party in the amount of \$25,000. The balance was unsecured, bearing an interest rate of 10% per annum and due September 16, 2020. During the nine months ended September 30, 2019, the Company accrued interest of \$96 (2018: \$nil).

During the nine months ended September 30, 2019, the Company issued promissory notes of \$9,625. The balance is unsecured, bearing an interest rate of 10% per annum and due June 30, 2020. During the nine months ended September 30, 2019, the Company accrued interest of \$194 (2018: \$nil)

6. Gain on Disposition of Assets

On June 19, 2019, the Company sold its wholly owned subsidiary, Oyster BVI, in exchange for the settlement of outstanding convertible debentures and interest.

As of June 19, 2019, a summary of proceeds upon disposition and assets and liabilities transferred is outlined below:

Proceeds upon disposition:		
Forgiveness of convertible debentures	\$	1,232,215
Forgiveness of interest on convertible debentures		234,807
		<hr/>
Proceeds upon disposition		1,467,022
		<hr/>
Assets and liabilities transferred upon disposition		
Cash		(5,935)
Prepaid expenses		(5,787)
Exploration and evaluation assets		(1,904,033)
Liabilities		728,183
		<hr/>
Net assets disposed		(1,187,572)
		<hr/>
Gain on disposition	\$	279,450

7. Share Capital

(a) Authorized

Unlimited class A common shares, without par value.

(b) Issued

At September 30, 2019, there were 43,771,659 common shares issued and fully paid common shares outstanding (December 31, 2018 – 43,771,659).

The Company issued 125,000 common shares as a result of the exercise of options exercisable at \$0.15 per share for total proceeds of \$21,250 during the year ended December 31, 2018.

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Notes to the Condensed Interim Financial Statements

(Expressed in Canadian - unaudited)

For the Three and Nine Months Ended September 30, 2019

7. Share Capital (continued)

(c) Options

A summary of the status of the Company's stock options outstanding as at September 30, 2019 and December 31, 2018 and changes during the periods is presented below:

	Number of Options	Weighted average exercise price
Balance, December 31, 2017	3,225,000	0.30
Exercised	(125,000)	0.17
Expired	(900,000)	0.56
Balance, December 31, 2018	2,200,000	\$ 0.20
Expired	(200,000)	0.45
Balance, September 30, 2019	2,000,000	\$ 0.20
Weighted average remaining contractual life		2.04 Years

As at September 30, 2019, the following options were outstanding:

Expiry date	Options outstanding and exercisable	
	Exercise price	Options
May 20, 2021	\$ 0.14	1,800,000
March 2, 2022	\$ 0.40	100,000
August 14, 2022	\$ 0.49	100,000
		2,050,000

(d) Warrants

The following table summarizes the continuity of the Company's warrants and broker warrants:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2017	3,518,419	\$ 0.44
Expired	(2,678,608)	(0.41)
Balance, December 31, 2018	839,811	\$ 0.55
Expired	(839,811)	(0.55)
Balance, September 30, 2019	-	\$ -

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Notes to the Condensed Interim Financial Statements

(Expressed in Canadian - unaudited)

For the Three and Nine Months Ended September 30, 2019

7. Share Capital (continued)

(e) Reserves

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. The share-based payment reserve also records items recognized as share-based expense for warrants that were issued for a service. The Company uses the residual method of valuing attachable warrants issued as a part of units in conjunction with private placements of common shares. Any value related to these types of warrants would be recorded to a warrant reserve.

8. Related Party Transactions

(a) Key management compensation

Compensation of key management for the periods ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Management fees:				
Included in property investigation, corporate office and general and administrative expense	\$ -	\$ 76,644	\$ 21,417	\$ 227,890
Directors fees	-	6,000	7,750	18,000

(b) Related party balances

Included in accounts payables is \$Nil (2018 - \$526,935) owing to members of the Company's key management. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Included in accounts payable is \$14,863 (2018: \$39,745) in directors fees to directors of record at the period end.