



Unaudited Interim Condensed Consolidated Financial Statements of

HUNTER OIL CORP.

Three and Nine Months Ended September 30, 2019 and 2018

HUNTER OIL CORP.

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 financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 25th, 2019

HUNTER OIL CORP.

Condensed Consolidated Balance Sheets (Unaudited)

(all amounts expressed in thousands of US dollars)

	Notes	As of September 30, 2019	As of December 31, 2018
Assets			
Current assets			
Cash		\$ 1,243	\$ 1,717
Receivables	5	5	27
Prepaid expenses and other deposits		5	33
Total current assets		1,253	1,777
Non-current assets			
Other long-term assets	6	130	130
Restricted cash	4	25	25
Total non-current assets		155	155
Total Assets		\$ 1,408	\$ 1,932
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable		\$ 52	\$ 103
Accrued liabilities	7	58	59
Total current liabilities		110	162
Total liabilities		110	162
Shareholders' equity			
Share capital	8	111,816	111,816
Contributed surplus		9,507	9,507
Accumulated deficit		(120,025)	(119,553)
Total shareholders' equity		1,298	1,770
Total Liabilities and Shareholders' Equity		\$ 1,408	\$ 1,932

Going Concern (See Note 2)

Approved by the Board of Directors:

/s/ Srinivas Polishetty
Srinivas Polishetty
Director

/s/ Andrew Hromyk
Andrew Hromyk
Director

See accompanying notes to the consolidated financial statements

HUNTER OIL CORP.

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

(all amounts expressed in thousands of US dollars)

	Notes	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2019	2018	2019	2018
Expenses					
General and administrative	12	\$ 30	\$ 11	\$ 182	\$ 325
Management fees and consulting		88	78	288	234
Other, net		-	49	-	49
Stock-based compensation		-	15	-	46
Foreign currency gain		14	(18)	(26)	(20)
Total expenses		<u>132</u>	<u>135</u>	<u>444</u>	<u>634</u>
Net loss from continuing operations		<u>(132)</u>	<u>(135)</u>	<u>(444)</u>	<u>(634)</u>
Discontinued Operations	11	(7)	(2,531)	(28)	(4,493)
Net loss and comprehensive loss for the year		<u>\$ (139)</u>	<u>\$ (2,666)</u>	<u>\$ (472)</u>	<u>\$ (5,127)</u>
Loss per share continuing operations - basic and diluted		(0.01)	(0.01)	(0.03)	(0.05)
Loss per share discontinued operations - basic and diluted		(0.00)	(0.19)	0.00	(0.39)
Total		<u>\$ (0.01)</u>	<u>\$ (0.20)</u>	<u>\$ (0.03)</u>	<u>\$ (0.44)</u>
Weighted average number of shares outstanding		13,260,871	13,118,697	13,260,871	11,768,307

See accompanying notes to the consolidated financial statements

HUNTER OIL CORP.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(all amounts expressed in thousands of US dollars)

	Number of Common Shares		September 30,	
	2019	2018	2019	2018
Total Shareholders' Equity, beginning balances			\$ 1,770	\$ 22,113
Equity Instruments (Common Shares)				
Balance, January 1	13,260,871	8,070,871	111,816	126,626
Issued stock, no par value	-	5,000,000	-	1,540
Issued stock from exercise of options, no par value	-	190,000	-	116
Return of capital	-	-	-	(16,576)
Balance, September 30	13,260,871	13,260,871	111,816	111,706
Contributed Surplus				
Balance, January 1			9,507	9,256
Fair value of stock option grants			-	96
Fair value of stock options settled for cash			-	(58)
Balance, September 30			9,507	9,294
Accumulated Deficit				
Balance, January 1			(119,553)	(113,769)
Net loss			(472)	(5,127)
Balance, September 30			(120,025)	(118,896)
Total Shareholders' Equity, ending balances			\$ 1,298	\$ 2,104

See accompanying notes to the consolidated financial statements

HUNTER OIL CORP.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(all amounts expressed in thousands of US dollars)

	Nine Months Ended September 30,	
	2019	2018
Cash provided by (used in):		
Operating activities		
Net loss for the period from continuing operations	\$ (444)	\$ (634)
Add (deduct) non-cash items:		
Foreign currency translation (gain) loss	-	(20)
Stock-based compensation	-	46
Non-cash other expense	-	12
Total non-cash items	(444)	(596)
Changes in working capital (Note 15)	(2)	1,263
Cash provided (used) in operations - continuing operations	(446)	667
Cash (used) in operations - discontinued operations	(28)	(3,612)
	(474)	(2,945)
Investing activities		
Investing in other long-term assets	-	(130)
Proceeds on sale of discontinued operations	-	21,593
Cash provided by (used in) investing activities - continuing operations	-	21,463
Cash provided by (used in) investing activities - discontinued operations	-	(4)
	-	21,459
Financing activities		
Proceeds from private placement funding	-	1,540
Proceeds of stock options	-	116
Proceeds of short term loan	-	250
Capital distribution	-	(16,576)
Cash provided by financing activities - continuing operations	-	(14,670)
Cash provided by financing activities - discontinued operations	-	-
	-	(14,670)
Change in cash and cash equivalents	(474)	3,844
Cash and cash equivalents, beginning	1,717	75
Cash and cash equivalents, ending	\$ 1,243	\$ 3,919

See accompanying notes to the consolidated financial statements

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

1. Reporting Entity and Description of Business

Hunter Oil Corp. (the “Company”) is incorporated in British Columbia, Canada and is engaged in the business of acquiring and developing crude oil and natural gas properties. On August 31, 2018, the Company disposed all of its operations in oil and gas production (Note 11). The Company is currently evaluating potential interests in oil and gas properties and other business opportunities in the oil and gas industry.

Common shares of the Company are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “HOC” and quoted on the OTC Markets Group (“OTCQB”) under the symbol “HOILF”. The Company’s head office and registered and records office is located at Suite 940, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 Canada.

2. Liquidity and Continuance of Operations

These unaudited interim consolidated financial statements are prepared on the basis that the Company will continue to operate as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the twelve-month period following the date of these consolidated financial statements. The Company has working capital of \$1.14 million as at September 30, 2019.

Although the Company has no current operations nor operating remaining assets, other than cash, the board of directors is actively seeking a transaction(s) whereby it will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified, it may not be able to finance such an acquisition or investment within the requisite period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

3. Basis of Presentation and Summary of Significant Accounting Policies

- a) **Statement of Compliance** - These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim condensed financial statements, including International Accounting Standard 34, “Interim Financial Reporting.” The Company has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2018, which are available on the Company’s website at www.hunteroil.com and on SEDAR at www.sedar.com. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

3. Basis of Presentation and Summary of Significant Accounting Policies (Cont'd)

a) Statement of Compliance (cont'd)

disclosed on an annual basis only. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies applied in these unaudited interim consolidated financial statements are based on IFRS issued and outstanding as of November 25th, 2019, the date the Company's Board of Directors approved the statements.

The accompanying unaudited interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Accordingly, actual results may differ from these estimates.

b) Basis of Presentation

- i. **Functional Currency** – These unaudited interim condensed consolidated financial statements are presented in United States dollars, unless otherwise indicated. All references to \$ are to United States dollars and references to C\$ are to Canadian dollars.
- ii. **Basis of Measurement and Estimation Uncertainty** – The unaudited interim condensed consolidated financial statements are prepared on a historical cost basis except as detailed in the Company's accounting policies disclosed in this note. The timely preparation of the unaudited interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the unaudited interim condensed consolidated financial statements, and the amount of revenues and expenses. Accordingly, actual results may differ from these estimates.
- iii. **Principles of Consolidation and Presentation** – The unaudited interim condensed consolidated financial statements of the Company include the financial information of Hunter Oil Corp. (the "Parent Company") and its wholly-owned subsidiaries.

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

3. Basis of Presentation and Summary of Significant Accounting Policies (Cont'd)

c) Basis of Presentation (Cont'd)

The following table lists the Company's principal operating subsidiaries, their jurisdiction of incorporation and its percentage ownership of their voting securities as of the date of this report:

Subsidiary Name	Jurisdiction	Ownership 2019	Ownership 2018 (1)
Hunter Oil Management Corp.	Florida, USA	100%	100%
Hunter Ventures Corp.	Delaware, USA	100%	100%
Hunter Oil Resources Corp.	Delaware, USA	100%	100%
Hunter Oil Production Corp.	Florida, USA	100%	100%
Ridgeway Arizona Oil Corp. (1)	Arizona, USA	0%	100%
EOR Operating Company (1)	Texas, USA	0%	100%
Milnesand Minerals Inc. (2)	Delaware, USA	100%	100%
Chaveroo Minerals Inc. (2)	Delaware, USA	100%	100%
Hunter Ranch Corp.	Delaware, USA	100%	100%

- (1) Results of discontinued operations included to August 31, 2018 (See Note 11). Subsidiaries sold as disposal of discontinued operations.
(2) Results of discontinued operations. Assets and liabilities of each subsidiary sold as part of discontinued operations (See Note 11).

d) Changes to Significant Accounting Policies

The following new standards are effective for annual periods beginning after January 1, 2019 and have been applied in preparing these interim condensed consolidated financial statements.

IFRS 16: Leases

This is the first period for which the Company has applied IFRS 16. The Company has adopted *IFRS 16* on a modified retrospective approach. This new standard replaces *IAS 17 Leases* and the related interpretative guidance. *IFRS 16* applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, *IFRS 16* introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed.

As a result of the sale of the Company's discontinued operations in 2018, the Company has no outstanding lease arrangements other than month to month office leases. As a result, there have been no adjustments to these interim condensed consolidated financial statements as a result of the transition to IFRS 16 as of January 1, 2019. Comparative figures for 2018 have not been restated as a result of applying the modified retrospective approach.

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

4. Restricted Cash

Restricted cash is comprised of cash escrowed amounts and certificates of deposit at banks which are pledged either to secure a well site reclamation project in Canada (Note 7).

The following table summarizes restricted cash balances:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Bank deposits pledged to secure asset retirement obligations	\$ 25	\$ 25

5. Receivables

The Company's receivables were comprised primarily of Canadian Goods and Services Tax receivable as at September 30, 2019 and December 31, 2018.

6. Other Long-Term Assets

The Company's other long-term assets are comprised of several internet domains for which the Company is seeking potential new business ventures. The balance as at September 30, 2019 and December 31, 2018 was \$0.13 million which represents the historical cost of acquiring the assets. The assets represent intangible assets with an indefinite life and have not been amortized. Management has determined these assets are not impaired as at September 30, 2019.

7. Accrued Liabilities

The Company has an obligation to complete a well site reclamation for a historical lease arrangement in Alberta, Canada. The Company no longer leases or has any operations on the site. The reclamation is in final stages of government applications and subject to final regulatory approvals. As at September 30, 2019 and December 31, 2018 the Company had \$0.06 million accrued for potential final reclamation costs and certifications. Upon final regulatory approval, the restricted cash (See Note 4) shall be returned to the Company.

8. Share Capital

Authorized Shares – The Company is authorized to issue an unlimited number of common shares of no par value and up to 25 million preferred shares of no par value.

Issued and Outstanding – As at September 30, 2019 and December 31, 2018, the Company had 13,260,871 shares outstanding. There were no shares issued or any other share capital transactions during the nine months ended September 30, 2019.

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

9. Stock Options

The Company has a stock option plan under which up to 10% of the number of outstanding common shares may be reserved for issuance as of any particular stock option grant date.

As of September 30, 2019, the Company had no stock options outstanding.

10. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The following table summarizes compensation paid or payable to officers and directors of the Company, including the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer:

Related Party Transactions Continuing Operations

	Nine Months Ended September 30,	
	2019	2018
Salaries, bonuses, benefits and fees	\$ 54	\$ 54
Stock-based compensation	-	24
Management fees	234	180
Total compensation	\$ 288	\$ 258

Related Party Transactions Discontinued Operations

	Nine Months Ended September 30,	
	2019	2018
Salaries, bonuses, benefits and fees	\$ -	\$ 581
Change of control payment	-	750
Payment for cancelled stock options	-	397
Total compensation	\$ -	\$ 1,728

Amounts due to related parties in accounts payable at September 30, 2019 totaled \$0.02 million (December 31, 2018 - \$.02 million)

During the nine months ended September 30, 2019, the Company incurred expenses from transactions with two related parties identified below.

The Company is party to a management services agreement with Century Capital Management Ltd., a company controlled by the Company's Executive Chairman. Pursuant to this management services agreement, the Company incurred approximately \$0.18 million and \$0.18 million in management fees, office rent and office expenses during the nine months ended September 30, 2019 and 2018, respectively. The Company currently operates under a monthly agreement for \$0.02 million per month.

The Company incurred management consulting fees paid to a company controlled by the CFO of approximately \$.05 million during the nine months ended September 30, 2019 (2018 - \$Nil).

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

11. Discontinued Operations

On August 31, 2018, the Company closed a Purchase and Sale Agreement with Pacific Energy Development Corp. (the “Purchaser”) in which certain subsidiaries of the Company sold substantially all of the Company’s oil and gas operations and related assets (the “Assets”) located in the Permian Basin, eastern New Mexico, for an aggregate final purchase price of \$21.5 million. The Purchaser also agreed to assume all retirement obligations associated with the Assets.

The results of discontinued operations are as follows:

		Nine Months Ended September 30,	
		2019	2018
Revenues			
	Oil and gas sales	\$ -	\$ 1,348
	Less: Royalties	-	(302)
Revenues, net of royalties		<u>-</u>	<u>1,046</u>
Expenses			
	Operating and production costs	-	639
	Workover expenses	-	225
	General and administrative	28	2,453
	Depreciation and depletion	-	404
	Accretion	-	277
	Other, net	-	58
	Stock-based compensation	-	472
	Impairment loss	-	1,011
Total expenses		<u>28</u>	<u>5,539</u>
Net loss from Discontinued Operations		<u>\$ (28)</u>	<u>\$ (4,493)</u>

12. General and Administrative Expenses

The Company’s general and administrative costs are as follows:

		Nine Months Ended September 30,	
		2019	2018
Accounting and tax	\$	39	\$ 78
Insurance		9	37
Legal		61	77
Office & General		39	15
Public company		25	58
Telephone and Utilities		-	1
Travel and accommodation		9	59
Total General and Administrative Expenses	\$	182	\$ 325

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

13. Fair Value Measurements

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data.

The Company has determined that the carrying value of its short-term financial assets and liabilities (cash and cash equivalents, receivables, accounts payable and accrued liabilities) approximates fair value at the consolidated balance sheet dates due to the short-term maturity of these instruments.

14. Risk Management

The resource industry is highly competitive and, in addition, exposes the Company to a number of risks. Resource exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. It is also highly capital intensive and the ability to complete a development project may be dependent on the Company's ability to raise additional capital. In certain cases, this may be achieved only through joint ventures or other relationships, which would reduce the Company's ownership interest in the project. There is no assurance that development operations will prove successful.

Business Risk – The Company is actively seeking to acquire interests in oil and gas properties or pursue other business opportunities in the oil and gas industry. There is no guarantee that the Company will be able to identify suitable oil and gas prospects, or that the Company will be able to negotiate acceptable terms for any prospects that it identifies. The TSX-V may transfer the Company to the NEX, a separate board of the TSX-V, if the Company fails to meet ongoing minimum listing requirements.

Risks Associated with Financial Assets and Liabilities – The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risks (such as commodity prices, foreign exchange and interest rates), credit risk and liquidity risk. The future cash flows of financial assets or liabilities may fluctuate due to movements in market prices and the exposure to credit and liquidity risks. Disclosures relating to exposure risk are provided in detail as follows:

HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements
(All amounts in thousands of US dollars unless otherwise indicated)

Three and Nine Months Ended September 30, 2019 and 2018

14. Risk Management (cont'd)

Credit Risk - Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments exposed to concentrations of credit risk are primarily cash and cash equivalents, including restricted cash, and accounts receivable. The Company has little exposure to credit risk as all of its deposits and related receivable are with major financial institutions or government related receivables.

Liquidity Risk - Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At September 30, 2019, the Company had cash of \$1.2 million, excluding restricted cash of \$0.03 million. The Company is dependent on raising funds by borrowings, equity issues, or asset sales to finance its ongoing operations, capital expenditures and acquisitions. The contractual maturity of the majority of accounts payable is within three months or less. The Company has historically financed its expenditures and working capital requirements through the sale of common stock or, on occasion, through the issuance of short-term debt.

Foreign Exchange Risk - Substantially all of the Company's assets and expenditures are either denominated in or made with US dollars. As a result, the Company has very limited exposure to foreign exchange risk in relation to existing commitments or assets denominated in a foreign currency. The Company has chosen not to enter into any foreign exchange contracts since its Canadian dollar working capital balances are not significant to the consolidated entity.

Commodity Price Risk - The Company is no longer exposed to commodity price risk following the sale of its discontinued operations. The Company had no derivative contracts in place at September 30, 2019.

15. Supplemental Cash Flow Information

The (increase)/decrease in working capital is comprised of:

	September 30, 2019	September 30, 2018
Receivables	\$ 22	\$ (578)
Prepaid expenses and deposits	28	(11)
Accounts payable and accrued liabilities	(52)	1,852
Total	<u>\$ (2)</u>	<u>\$ 1,263</u>