

Interim condensed consolidated financial statements of

WILTON RESOURCES INC.

As at and for the three and six-month periods ended June 30, 2020 and
2019
(unaudited)

WILTON RESOURCES INC.**Interim Condensed Consolidated Statements of Financial Position (Unaudited)**

As at	Note	June 30, 2020	December 31, 2019
Assets			
Current Assets			
Cash		\$ 30,598	\$ 280,923
Accounts receivable	12	421,822	354,588
Prepaid expenses		8,913	6,759
		461,333	642,270
Property and equipment	5	48,213	54,342
Total Assets		\$ 509,546	\$ 696,612
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 1,044,656	\$ 1,067,425
Decommissioning obligation	6	47,642	46,770
Total Liabilities		1,092,298	1,114,195
Shareholders' Equity (Deficit)			
Share capital	7	15,059,298	14,446,481
Warrants	9	2,096,859	2,096,859
Contributed surplus		6,039,714	5,648,021
Deficit		(23,778,623)	(22,608,944)
		(582,752)	(417,583)
Total Liabilities and Shareholders' Equity (Deficit)		\$ 509,546	\$ 696,612
Going concern	2		
Subsequent event	9		

See accompanying notes to the interim condensed consolidated financial statements.

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

(signed) "Richard Anderson" , Director

(signed) "Gerald Roe" , Director

WILTON RESOURCES INC.**Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)****For the three and six-month periods ended June 30, 2020 and 2019**

	Note	For the three months ended June 30		For the six months ended June 30	
		2020	2019	2020	2019
Revenue					
Petroleum and natural gas sales		\$ 1,258	\$ -	\$ 7,133	\$ -
Less:					
Royalty		40	-	499	-
		1,218	-	6,634	-
Expenses					
Production		867	-	2,486	-
General and administrative	11	346,952	424,833	710,533	748,817
Stock-based compensation	8	-	197,026	456,293	271,073
Finance expense	6	1,049	232	872	464
Depletion	5	3,015	-	6,129	-
		351,883	622,091	1,176,313	1,020,354
Net loss and comprehensive loss		\$ 350,665	\$ 622,091	\$ 1,169,679	\$ 1,020,354
Loss per share - basic and diluted	10	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

See accompanying notes to the interim condensed consolidated financial statements.

WILTON RESOURCES INC.**Interim Condensed Consolidated Statements of Cash Flows (Unaudited)****For the three and six-month periods ended June 30, 2020 and 2019**

	Note	For the three months ended June 30		For the six months ended June 30	
		2020	2019	2020	2019
Cash flows used in operating activities					
Net loss		\$ (350,665)	\$ (622,091)	\$ (1,169,679)	\$ (1,020,354)
Items not affecting cash:					
Stock-based compensation	8	-	197,026	456,293	271,073
Finance expense	6	1,049	232	872	464
Depletion	5	3,015	-	6,129	-
Change in non-cash working capital		(63,958)	284	(92,157)	12,626
Net cash used in operating activities		(410,559)	(424,549)	(798,542)	(736,191)
Cash flows from financing activities					
Exercise of options	7	-	-	60,000	-
Proceeds on issuance of shares, net	7	-	450,000	488,217	900,058
Change in non-cash working capital		-	22,712	-	(10,494)
Net cash provided by financing activities		-	472,712	548,217	889,564
Cash flows used in investing activities					
Property and equipment		-	(60,000)	-	(60,000)
Net cash used in investing activities		-	(60,000)	-	(60,000)
Change in cash		(410,559)	(11,837)	(250,325)	93,373
Cash, beginning of period		441,157	235,882	280,923	130,672
Cash, end of period		\$ 30,598	\$ 224,045	\$ 30,598	\$ 224,045

See accompanying notes to the interim condensed consolidated financial statements.

WILTON RESOURCES INC.**Interim Condensed Consolidated Statements of Changes in Shareholders' Deficit
(Unaudited)**

	Share capital	Contributed surplus	Warrants	Deficit	Total
Balance at December 31, 2019	\$ 14,446,481	\$ 5,648,021	\$ 2,096,859	\$ (22,608,944)	\$ (417,583)
Issuance of common shares, net	488,217	-	-	-	488,217
Option Exercised	124,600	(64,600)	-	-	60,000
Share-based compensation (note 8)	-	456,293	-	-	456,293
Net loss and comprehensive loss	-	-	-	(1,169,679)	(1,169,679)
Balance at June 30, 2020	\$ 15,059,298	\$ 6,039,714	\$ 2,096,859	\$ (23,778,623)	\$ (582,752)
Balance at December 31, 2018	\$ 13,396,771	\$ 5,238,948	\$ 1,382,500	\$ (20,600,180)	\$ (581,961)
Issuance of common shares, net	642,870	-	-	-	642,870
Warrants issued	-	-	257,188	-	257,188
Share-based compensation	-	271,073	-	-	271,073
Net loss	-	-	-	(1,020,354)	(1,020,354)
Balance at June 30, 2019	\$ 14,039,641	\$ 5,510,021	\$1,639,688	\$ (21,620,534)	\$ (431,184)

See accompanying notes to the interim condensed consolidated financial statements.

WILTON RESOURCES INC.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

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 condensed consolidated financial statements of the Company (“Financial Statements”) 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 address of the Company is 1900, 520-3rd Ave SW, Calgary, Alberta, T2P 0R3.

2. Going concern

As at June 30, 2020, the Company has a working capital deficit of \$583,323 (December 31, 2019 - \$425,155). 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.

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 decline and 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. Concurrent with the impact of COVID-19, demand in energy markets, oil supply to global markets has decreased, placing further negative pressure on oil prices. The extent to which COVID-19 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 COVID-19 and actions taken to contain COVID-19 or its impact, among others.

WILTON RESOURCES INC.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

3. Basis of Presentation

These 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, 2019 and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2019. These Financial Statements were authorized for issue by the board of directors on August 27, 2020.

These Financial Statements are presented in Canadian dollars which is the Company's functional currency. In preparing these Financial Statements, methods of computation and significant judgements made by management in applying the Company's 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, 2019.

4. Significant accounting policies and new accounting standard

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, 2019, except as follows.

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations". The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and outputs; and introduce an optional fair value concentration test. The concentration test is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If an entity chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 and apply prospectively. There was no impact to the Company as a result of this amendment.

5. Property and equipment

Petroleum and natural gas		
Cost		
Balance at December 31, 2019	\$	930,219
Balance at June 30, 2020	\$	930,219
Accumulated depletion and impairment		
Balance at December 31, 2019	\$	875,877
Depletion		6,129
Balance at June 30, 2020	\$	882,006
Net book value, December 31, 2019	\$	54,342
Net book value, June 30, 2020	\$	48,213

Depletion of \$3,015 and 6,129 was recorded for the three and six-month periods ended June 30, 2020 (2019 - \$nil).

WILTON RESOURCES INC.
Notes to the Interim Condensed Consolidated
Financial Statements (Unaudited)

6. Decommissioning obligation

Balance December 31, 2019	\$	46,770
Accretion		872
Balance June 30, 2020	\$	47,642

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, December 31, 2019	55,963,832
Shares issued	2,000,000
Options exercised	200,000
Balance, June 30, 2020	58,163,832

In December 2019, the Company received exercise notice for 200,000 stock options that were issued on December 24, 2014 with exercise price of \$0.30 per share. On January 24, 2020, the Company received proceeds of \$60,000 in exchange for 200,000 common shares.

On March 26, 2020, the Company closed a non-brokered private placement of 2,000,000 Common Shares of the Company at a purchase price of \$0.25 per share for gross proceeds of \$500,000. These shares were issued to an insider who owns more than 10% beneficial ownership of the Company.

8. Stock options

	Number of options
Balance at December 31, 2019	4,618,480
Options granted	975,000
Balance, June 30, 2020	5,593,480

At June 30, 2020, the Company had 5,593,480 (December 31, 2019 - 4,618,480) issued and outstanding stock options. The options are held by officers, directors and consultants of the Company.

WILTON RESOURCES INC.
Notes to the Interim Condensed Consolidated
Financial Statements (Unaudited)

As at June 30, 2020, the Company had stock options outstanding and exercisable 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
\$0.50	975,000	975,000	January 6, 2020	January 6, 2025
	5,593,480	5,593,480		

On January 6, 2020, the Board of Directors of the Company granted 975,000 stock options to certain officers, directors and consultants of the Company. The options were fully vested on the date of issuance. The stock options have an exercise price of \$0.50 per share and are exercisable for a period of five years from the date of grant. The fair value of the options was estimated to be \$0.47 per option.

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	86%
Dividend yield	0%
Risk-free interest rate	1.58%
Expected option life	5 years

The share-based compensation for the three and six-month period ended June 30, 2020 and 2019 was \$nil and \$456,293 (2019 - \$197,026 and \$271,073).

9. Warrants

	Number of warrants
Balance at December 31, 2019	7,649,026
Balance, June 30, 2020	7,649,026

As at June 30, 2020, 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	

WILTON RESOURCES INC.
Notes to the Interim Condensed Consolidated
Financial Statements (Unaudited)

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.

On August 8, 2020, 4,750,000 warrants with an exercise price of \$1.05 expired without exercise.

10. Loss per share

The weighted average number of shares outstanding for the three and six-month periods ended June 30, 2020 was 58,163,832 and 57,212,184 (2019 – 52,760,919 and 52,562,379). For the three and six-month periods ended June 30, 2020 and 2019, 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 six-month periods ended June 30, 2020, the Company incurred general and administrative expenses of \$346,952 and \$710,533 (2019 – \$424,833 and \$748,817). The decrease was primarily a result of decreased legal fees, office and administrative, and travel expenses.

12. Related Party Transactions

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 six-month periods ended June 30, 2020, the Company recorded \$12,000 and \$24,000 as an expense for office rental (2019 - \$12,000 and \$24,000). At June 30, 2020, Mr. Anderson owed the Company \$399,197 (December 31, 2019 - \$325,699). The June 30, 2020 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 or upon repayment.

13. Officers and Directors Compensation

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Short-term Compensation	\$ 136,071	\$ 113,571	\$ 272,143	\$ 208,095
Stock-based Compensation	-	97,492	233,996	171,539
Total	\$ 136,071	\$ 211,063	\$ 506,139	\$ 379,634