



Unaudited Interim Condensed Consolidated Financial Statements of

**HUNTER OIL CORP.**

Three Months Ended March 31, 2020 and 2019

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.

June 1, 2020

# HUNTER OIL CORP.

Condensed Consolidated Balance Sheets (Unaudited)

	<u>Notes</u>	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<b>Assets</b>			
Current assets			
Cash		\$ 899,087	\$ 1,111,717
Sales tax receivable	5	5,351	4,407
Prepaid expenses and other deposits		14,966	3,648
Total current assets		<u>919,404</u>	<u>1,119,772</u>
Non-current assets			
Other long-term assets	6	130,000	130,000
Restricted cash	4	24,557	25,147
Total non-current assets		<u>154,557</u>	<u>155,147</u>
<b>Total Assets</b>		<b>\$ 1,073,961</b>	<b>\$ 1,274,919</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable		\$ 85,983	\$ 69,178
Accrued liabilities	7	47,801	49,495
Total current liabilities		<u>133,784</u>	<u>118,673</u>
Total liabilities		<u>133,784</u>	<u>118,673</u>
<b>Shareholders' Equity</b>			
Share capital		111,816,074	111,816,074
Contributed Surplus		9,506,990	9,506,990
Accumulated deficit		(120,382,887)	(120,166,818)
Total shareholders' equity		<u>940,177</u>	<u>1,156,246</u>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 1,073,961</b>	<b>\$ 1,274,919</b>

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)

	<u>Notes</u>	<u>Three Months Ended</u>	
		<u>March 31,</u>	
		<u>2020</u>	<u>2019</u>
Expenses			
General and administrative	12	\$ 33,492	\$ 125,368
Management fees and consulting		98,174	101,745
Foreign currency loss		84,403	-
Total expenses		<u>216,069</u>	<u>227,113</u>
Net loss from continuing operations		<u>(216,069)</u>	<u>(227,113)</u>
Discontinued operations	11	-	(39,427)
Net loss and comprehensive loss for the period		<u>\$ (216,069)</u>	<u>\$ (266,540)</u>
Loss per share continuing operations – basic and diluted		(0.02)	(0.02)
Loss per share discontinued operations – basic and diluted		(0.00)	(0.00)
Total		<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding		<u>13,260,871</u>	<u>13,260,871</u>

See accompanying notes to the consolidated financial statements

# HUNTER OIL CORP.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

	Number of Common Shares		March 31,	
	2020	2019	2020	2019
<b>Total Shareholder's Equity, beginning balances</b>			\$ 1,156,246	\$ 1,770,083
<b>Equity Instruments</b> (Common Shares)				
Balance, January 1 & March 31	<u>13,260,871</u>	<u>13,260,871</u>	<u>111,816,074</u>	<u>111,816,074</u>
<b>Contributed Surplus</b>				
Balance, January 1 & March 31			<u>9,506,990</u>	<u>9,506,990</u>
<b>Accumulated Deficit</b>				
Balance, January 1			(120,166,818)	(119,552,981)
Net loss			<u>(216,069)</u>	<u>(266,540)</u>
Balance, March 31			<u>(120,382,887)</u>	<u>(119,819,521)</u>
<b>Total Shareholders' Equity, ending</b>			\$ 940,177	\$1,503,543

See accompanying notes to the consolidated financial statements

# HUNTER OIL CORP.

Condensed Consolidated Statements of Cash Flows (Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash provided by (used in):		
Operating activities		
Net loss for the period from continuing operations	\$ (216,069)	\$ (227,113)
Add (deduct) non-cash items:		
Changes in working capital (Note 15)	3,439	116,045
Cash provided (used) in operations – continuing operations	(212,630)	(111,068)
Cash (used) in operations – discontinued operations	-	(39,427)
Investing activities		
Cash (used) by investing activities – continuing operations	-	-
Cash (used) by investing activities – discontinued operations	-	-
Financing activities		
Cash (used) by financing activities – continuing operations	-	-
Cash (used) by financing activities – discontinued operations	-	-
Change in cash and cash equivalents	(212,630)	(150,495)
Cash and cash equivalents, beginning	1,111,717	1,717,156
Cash and cash equivalents, ending	\$ 899,087	\$ 1,566,661

See accompanying notes to the consolidated financial statements

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 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 \$785,620 as at March 31, 2020.

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, 2019, which are available on the Company’s website at [www.hunteroil.com](http://www.hunteroil.com). Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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

### a) Statement of Compliance (cont'd)

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, 2019, 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 June 1, 2020, 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

Three Months Ended March 31, 2020 and 2019

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## 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 2020	Ownership 2019
Hunter Oil Management Corp.	Florida, USA	100%	100%
Hunter Ventures Corp. (2)	Delaware, USA	0%	100%
Hunter Oil Resources Corp.	Delaware, USA	100%	100%
Hunter Oil Production Corp.	Florida, USA	100%	100%
Milnesand Minerals Inc. (1) (2)	Delaware, USA	0%	100%
Chaveroo Minerals Inc. (1) (2)	Delaware, USA	0%	100%
Hunter Ranch Corp. (2)	Delaware, USA	0%	100%

(1) Results of discontinued operations. Assets and liabilities of each subsidiary sold as part of discontinued operations (See Note 11).

(2) Entities formally dissolved during the year ended December 31, 2019.

### d) New accounting standards not yet effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after March 31, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's unaudited condensed consolidated interim financial statements upon adoption.

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 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>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<u>Bank deposits pledged to secure asset retirement obligations</u>	\$ 24,557	\$ 25,147

## 5. Receivables

The Company's receivables were comprised primarily of Canadian Goods and Services Tax receivable as at March 31, 2020 and December 31, 2019.

## 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 March 31, 2020 and December 31, 2019 was \$130,000 which represents the historical cost of acquiring the assets. The assets represent intangible assets with an indefinite life and have not been amortized and management has determined these assets are not impaired as at March 31, 2020.

## 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 the late stages of completion and subject to final regulatory approvals. As at March 31, 2020 the Company had \$47,801 (2019 - \$49,495) 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 March 31, 2020 and December 31, 2019, the Company had 13,260,871 shares outstanding. There were no shares issued or any other share capital transactions during the three months ended March 31, 2020.

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 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 March 31, 2020, 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:

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries, bonus, benefits and fees	\$ 18,000	\$ 18,000
Management fees	80,174	83,745
Total	<u>\$ 98,174</u>	<u>\$ 101,745</u>

There were no amounts due to related parties in accounts payable at March 31, 2020 and December 31, 2019.

During the three months ended March 31, 2020, the Company incurred expenses from transactions with two related parties identified below.

The Company is party to a management services agreement with a company controlled by the Company's Executive Chairman. Pursuant to this management services agreement, the Company incurred \$60,000 in management fees, office rent and office expenses during the three months ended March 31, 2020 and 2019, respectively. The Company currently operates under a monthly agreement for \$20,000 per month.

The Company incurred management consulting fees paid \$20,174 to a company controlled by the CFO during the three months ended March 31, 2020 (2019 - \$23,745).

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Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 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 (the “Transaction”) 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. During the three months ended March 31, 2020 there were no expenses related to discontinued operations (2019 - \$39,427).

## 12. General and Administrative Expenses

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

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Accounting and tax	\$ 9,280	\$ 35,000
Insurance	-	9,178
Legal	-	49,277
Office & General	15,955	13,420
Public company administration costs	8,257	9,970
Travel and accommodation	-	8,523
Total	<u>\$ 33,492</u>	<u>\$ 125,368</u>

## 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.

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 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 Venture Exchange may transfer the Company to the NEX, a separate board of the Exchange, 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:

**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 March 31, 2020, the Company had cash of \$899,087, excluding restricted cash of \$24,557. 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** - The Company has 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 March 31, 2020.

# HUNTER OIL CORP.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020 and 2019

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## 15. Supplemental Cash Flow Information

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

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sales tax receivable	\$ (943)	\$ 19,926
Prepaid expenses and deposits	(11,319)	17,936
Accounts payable and accrued liabilities	15,111	78,183
Other	590	-
<b>Total</b>	<b>\$ 3,429</b>	<b>\$ 116,045</b>