Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

DECKLAR RESOURCES INC.

(formerly Asian Mineral Resources Limited)

September 30, 2020 and 2019

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 condensed consolidated 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 condensed consolidated interim financial statements of Decklar Resources Inc. (the "Company"), formerly Asian Mineral Resources Limited have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

DECKLAR RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(Expressed in Canadian dollars)
(Unaudited)

	Notes	September 30, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		$ 614,957	$ 493,045
Accounts receivable and prepaid expenses	8	53,449	26,966
		668,406	520,011
Non-current assets:			
Resource properties	9	10,299,734	100,000
Total assets		$ 10,968,140	$ 620,011
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities:			
Short-term loans	10	$ 58,362	$ 56,925
Refundable deposit	11	1,018,796	-
Trade payables and accrued liabilities	12	769,143	94,643
		1,846,301	151,568
Non-current liabilities:			
Decommissioning obligation	13	89,323	-
Total liabilities		1,935,624	151,568
Shareholders' equity:			
Share capital	15	138,776,259	132,256,259
Share-based payments reserve		950,503	484,924
Accumulated other comprehensive loss		2,438	-
Contingent consideration	16	2,900,000	-
Deficit		(133,596,684)	(132,272,740)
Total shareholders' equity (deficit)		9,032,516	468,443
Total liabilities and shareholders' equity (deficit)		$ 10,968,140	$ 620,011

Going concern (Note 1)

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

DECLAR RESOURCES INC.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars)
For the three and nine month periods ended September 30, 2020 and 2019
(Unaudited)

	Notes	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Operating costs			-		
General and administrative expenses	17	$ (616,809)	$ (70,954)	$ (888,426)	$ (147,489)
Exploration recovery expense		-	-	-	(850)
Decklar Petroleum transaction costs		-	-	(250,000)	
Other costs		-	27	-	(71)
Operating loss		(616,809)	(70,927)	(1,138,426)	(148,410)
Finance income		376	1,689	3,473	2,191
Finance expense		-	(1,330)	(1,437)	(3,898)
Foreign exchange expense		(1,012)	-	(1,465)	-
Fair value adjustment on acquisition	14	(186,089)	-	(186,089)	-
Net loss for the period		(803,534)	(70,568)	(1,323,944)	(150,117)
Other comprehensive income (loss):		-	-	-	-
Unrealized foreign exchange gain (loss) on translation		(2,438)	-	(2,438)	-
Comprehensive loss for the period		$ (805,972)	$ (70,568)	$ (1,326,382)	$ (150,117)
Basic shareholders' loss per share	15(e)	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.01)
Diluted shareholders' loss per share	15(e)	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.01)
Weighted average number of shares:					
Basic	15(e)	49,282,671	12,607,306	32,400,817	10,096,376
Diluted	15(e)	51,716,588	22,780,443	34,834,704	20,292,454

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

DECKLAR RESOURCES INC.

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian dollars, except common share amounts)
For the nine month periods ended September 30, 2020 and 2019
(Unaudited)

	Number of common shares (note 15)	Share capital (note 15)	Share-based payments reserve	Currency Translation Reserve	Contingent Consideration	Deficit	Shareholders' equity
Balance, January 1, 2019	8,746,437	$ 131,256,259	$ 506,142	$ -	$ -	$ (131,975,282)	$ (212,881)
Expiry of options	-	-	(21,218)	-	-	21,218	-
Issue of shares, net of costs	13,333,333	1,000,000	-	-	-	-	1,000,000
Net income for the period	-	-	-	-	-	(150,116)	(150,116)
Balance, September 30, 2019	22,079,770	132,256,259	484,924	-	-	(132,104,180)	637,003
Net income for the period	-	-	-	-	-	(239,127)	(239,127)
Balance, December 31, 2019	22,079,770	132,256,259	484,924	-	-	(132,272,740)	468,443
Issue of shares, net of costs	32,200,003	6,520,000	-	-	-	-	6,520,000
Share based payments	-	-	465,579	-	-	-	465,579
Currency translation	-	-	-	2,438	-	-	2,438
Contingent consideration	-	-	-	-	2,900,000	-	2,900,000
Net income for the period	-	-	-	-	-	(1,323,944)	(1,323,944)
Balance, September 30, 2020	54,279,773	$ 138,776,259	$ 950,503	$ 2,438	$ 2,900,000	$ (133,596,684)	$ 9,032,526

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

DECLAR RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
For the three and nine month periods ended September 30, 2020 and 2019
(Unaudited)

	Notes	Three months ended Sept 30 2020	Three months ended Sept 30 2019	Nine months ended Sept 30 2020	Nine months ended Sept 30 2019
Cash provided by (used in):					
Operating activities:					
Net (loss) for the period		$ (803,534)	$ (70,568)	(1,323,944)	$ (150,117)
Items not involving cash:					
Share-based payments	15(c)(ii)	465,579	-	465,579	-
Changes in working capital, net of the effect of the acquisition of Decklar Petroleum Ltd					
Accounts receivable and prepaid expenses		(16,464)	(4,854)	(26,483)	57,827
Accounts payable and accrued liabilities		519,094	(7,195)	674,500	(13,503)
Other		-	-	-	-
Cash flow provided by (used in) operating activities		164,675	(82,617)	(210,348)	(105,793)
Investing activities:					
Resource properties		(1,661,779)	-	(1,661,779)	-
Cash flow used in investing activities		(1,661,779)	-	(1,661,779)	-
Financing activities:					
Issue of common shares		-	1,000,000	-	1,000,000
Exercise of warrants	15(d)	673,333	-	1,020,000	-
Short-term loan repaid		-	(48,670)	-	(46,102)
Refundable deposit	11	1,018,796	-	1,018,796	
Investment advances		(542,485)	(359,500)	-	(359,500)
Cash flow provided by financing activities		1,149,644	591,830	2,038,796	594,398
Net increase (decrease) in cash and cash equivalents		(347,460)	509,213	166,669	488,606
Effect of foreign exchange on cash		(46,195)	-	(44,757)	-
Cash and cash equivalents, beginning of period		1,008,612	105,430	493,045	126,037
Cash and cash equivalents, end of period		$ 614,957	$ 614,643	$ 614,957	$ 614,643

Supplemental cash flow information (Note 20)

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

1. Nature of business and going concern:

Decklar Resources Inc. (the "Company"), formerly Asian Mineral Resources Limited, was incorporated under the laws of the Province of British Columbia by a certificate of continuance on December 31, 2004, having previously been incorporated and registered under the New Zealand Companies Act 1993. On April 19, 2004, the Company was listed on the TSX Venture Exchange. The Company's principal business activities are the exploration and development of mineral properties in Canada and the exploration and development of oil and gas properties in Nigeria. The Company's registered corporate office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada M5H 1T1.

On July 17, 2020 the Company completed an agreement to acquire all the issued and outstanding shares of Nigerian-based Decklar Petroleum Limited ("DPL"), whose sole asset is a Risk Service Agreement with Millenium Oil and Gas Company Limited ("Millenium"), the owner of the Oza Oil Field located onshore in the northern part of Oil Mining License 11 in the Eastern Niger Delta of Nigeria (see Note 14). The Company is now focused on the development and funding of the Oza Oil Field with Millenium.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they come due. As at September 30, 2020, the Company had an accumulated deficit of $133.6 million, with cash and cash equivalents of $614,957, and negative working capital of $1.2 million. Additional equity and/or debt financing will be needed to develop the Company's strategic assets, including the investment in Nigeria, and to cover general and administrative costs. The Company currently has no source of operating cash flow and no assurance that additional funding will be available. These factors indicate the existence of uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to obtain requisite financing in the future and, if realized, such financing might not be favourable to the Company and might involve dilution to existing shareholders. Should the Company not be able to continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities would be required.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Approval of the financial statements:

The condensed consolidated interim financial statements of the Company for the periods ended September 30, 2020 and 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 28, 2020.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently for all periods presented in these condensed consolidated interim financial statements.

(a) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis, utilizing the accrual method of accounting unless otherwise described in the following notes.

(b) Revenue recognition:

Revenue from sales of minerals is recognized at the time of shipment, at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price as per the London Metals Exchange. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in metal market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue and receivables. Changes in the estimate of mineral content resulting from the final independent analysis are recognized at the point at which such analysis is agreed upon between the Company and its customers.

(c) Currency translation:

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of its subsidiary, DPL, is the Nigerian Naira. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in place on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency translation differences are recognized in profit or loss.

(d) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiary, Decklar Petroleum Limited. All intercompany transactions and balances are eliminated on consolidation. The Company determines whether it shall consolidate a subsidiary by assessing whether it has control over the subsidiary. Factors considered in such an assessment include whether the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its control over the subsidiary.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less when acquired.

(f) Prepayments:

Prepayments to suppliers and contractors are based on the contract progress, with payments made at specified stages of the contract. These payments are recognized in the balance sheet as prepaid expenses.

3. Significant accounting policies (cont'd):

(g) Co-Venture activities

The Company does not directly hold title to the Oza Oil Field license (the "License"). The Company expects to carry on its operations in Nigeria under the terms of the Risk Services Agreement ("RSA") executed between DPL and Millenium Oil and Gas Company Limited ("Millenium"), considered joint operations for accounting purposes. All of the Company's exploration, development and production activities will be conducted under the terms of the RSA with Millenium, and not through the establishment of a separate entity. Accordingly, the consolidated financial statements include the Company's share of the relevant revenues and related costs classified according to their nature.

(h) Property, plant, and equipment:

Assets comprising property and equipment are carried at cost less accumulated depreciation and accumulated impairment. Depreciation is charged so as to write-off the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

Asset	Basis	Rate range
Oilfield equipment	Straight-line	3 – 7 years
Other equipment	Straight-line	5 years
Machinery, furniture and fixtures	Declining balance	20%
Leaseholds	Straight-line	Lease term

Development and production assets are derecognized upon disposal. Any gain or loss on derecognition of the asset, calculated as the difference between the proceeds on disposal, if any, and the carrying value of the asset is recognized in net income in the period of derecognition.

The costs of the day-to-day servicing of property and equipment are recognized in expenses as incurred. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(i) Mineral property interest:

Exploration expenses incurred prior to determination of the technical feasibility and commercial viability of mining operations and issuance of a mining license are expensed as incurred. Mineral property acquisition costs and exploration and development expenditures incurred subsequent to the determination of technical feasibility and commercial viability of mining operations and issuance of a mining license are deferred, less accumulated amortization and accumulated impairment losses, if any, until the property to which they relate commences commercial production, is sold, allowed to lapse or is abandoned. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors. When commercial production in an area of interest has commenced, the associated costs are amortized over the estimated economic life of the mine on a units-of-production basis using proven and probable reserves (as defined by National Instrument 43-101).

3. Significant accounting policies (cont'd):

(i) Mineral property interest (cont'd)

Changes in factors such as estimates of proven and probable reserves that affect units-of-production calculations are accounted for on a prospective basis.

(j) Petroleum property interests and depletion

Expenditures on developed petroleum properties such as drilling or re-entry of development wells, tangible costs of facilities, and infrastructure construction are capitalized to petroleum properties when it is probable that a future economic benefit will flow to the Company as a result of the expenditure and the cost can be reliably measured.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimate of any decommissioning obligation associated with the asset and finance charges on qualifying assets.

Petroleum properties are depleted using the unit-of-production method over their reserve life using proved and probable reserves, unless the useful life of the asset is less than the reserve life, in which case the asset is depleted over its estimated useful life using the straight-line method. Future development expenditures are added to petroleum property interest and the total is used to calculate depletion. Reserves and estimated future development expenditures are determined by qualified independent reserve engineers. Changes in the estimates for reserves and future development expenditures that affect unit-of-production calculations are accounted for on a prospective basis.

(k) Impairment of long-lived assets:

At the end of each year or at each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount of a CGU is the higher of the CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognized in profit and loss in the period the impairment indicator is identified.

3. Significant accounting policies (cont'd):

(k) Impairment of long-lived assets (cont'd):

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset or CGU is increased to its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. The reversal of an impairment loss is recognized immediately in profit and loss.

(l) Mineral Reserve estimates:

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects*. Reserves are used when performing impairment assessments on the Company's mineral property, for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs, and in determining the depletion of mineral properties.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs, or recovery rates may change the economic status of reserves and may, ultimately, result in changes to reserve estimates. Any adjustments are accounted for prospectively.

(m) Decommissioning obligations:

Decommissioning obligations consist of asset retirement obligations that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free interest rate.

(n) Share capital:

Common shares are classified as equity. The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued at the quoted market price on the date the shares are issued or a price determined using an appropriate formula to represent market value and agreed upon by the governing public stock exchange.

(o) Warrants:

From time to time, warrants are issued as part of a unit which is made up of a common share and a full or partial warrant. The warrant allows the holder to acquire common shares of the Company. The Company uses the residual value in assigning the value to the warrant which is included in the warrant reserve in the statement of equity.

3. Significant accounting policies (continued):

(p) Share-based payments:

The Company has a share option plan, under which the fair value of all share-based awards is estimated using the Black-Scholes Option Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset is credited to share-based payment reserve.

Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

(q) Interest expense:

Interest is recognized using the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity.

(r) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations except to the extent that the tax relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be in effect when temporary differences reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

3. Significant accounting policies (continued):

(s) Financial assets

Financial asset are measured at:

(i) Amortized cost;

(ii) Fair Value in Other Comprehensive Income ("FVOCI") – debt investment;

(iii) FVOCI – equity investment; and

(iv) Fair Value Through Profit or Loss ("FVTPL").

The classification depends on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, Financial Instruments, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3. Significant accounting policies (continued):

(s) Financial assets (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets

Financial assets measured at amortized cost, contract assets, and debt investments in FVOCI, but not investments in equity instruments, are assessed for credit impairment under the expected credit loss (“ECL”) model of impairment. This impairment model applies to lease receivables, loan commitments, and financial guarantee contracts; the Company has no such items. The financial assets at amortized cost consist of accounts receivables and cash and cash equivalents.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables are presented separately in the statement of profit or loss and OCI. Impairment losses on other financial assets are presented under “finance costs”, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

3. Significant accounting policies (continued):

(t) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs incurred and subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity dates. The Company has classified accounts payable and short-term loan as liabilities at amortized cost.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(u) Earnings (loss) per share:

Basic earnings (loss) per share is calculated by dividing the income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented, income (loss) available to common shareholders equals the reported income (loss) attributable to the shareholders of the Company.

Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares issued and outstanding used for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the year.

4. Changes in accounting standards:

Business Combinations – Effective January 1, 2020, the Company has adopted amendments defining a business from IFRS 3 – Business Combinations. The amendments are intended to provide additional guidance to determine if a transaction should be recorded as a business combination or an asset acquisition. 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 if an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The optional concentration test permits 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. An entity may elect to apply or not apply, the test. An entity may make such an election separately for each transaction or other event.

The Company's acquisition of Decklar Petroleum Limited has been recorded as an asset acquisition.

5. Critical judgments in applying accounting policies:

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (see Note 6), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

(a) Impairment indicators for mineral property:

Management uses several criteria in its assessment of impairment indicators for mineral property including geologic and metallurgic information, conclusions and recommendations in technical reports, existing permits, and intentions to continue with exploration or to abandon.

(b) Going concern:

The assessment of the Company's ability to continue as a going concern (Note 1) involves judgment regarding its future funding. Judgments must also be made with regard to events or conditions, which might give rise to significant uncertainty.

6. Key sources of estimation uncertainty:

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions regarding the effect of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Differences between the actual results and present estimates and assumptions have the potential to materially affect the Company's condensed consolidated interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effect on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that may result in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

(a) Impairment of mineral properties, plant, and equipment:

The Company considers both external and internal sources of information in assessing whether there are any indications that mineral properties, plant, and equipment are impaired. External sources of information the Company considers include changes in the market, economic, and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties, plant, and equipment. Internal sources include the manner in which mineral properties, plant, and equipment are being used or are expected to be used, and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mineral properties, plant, and equipment, the Company's management makes estimates of the discounted future after-tax cash flows expected to be derived from its mineral properties using an appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future non-expansionary capital expenditures, reductions to the amount of recoverable reserves, resources and exploration potential, and/or adverse current economics can result in a write down of the carrying amounts of the Company's mineral properties, plant, and equipment.

(Expressed in Canadian dollars, unless otherwise stated)

6. **Key sources of estimation uncertainty (cont'd):'**

(b) Assessment of commercial oil and gas reserves

Management is required to assess the level of the Company's proved and probable reserves together with the future expenditures to develop those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against proved and probable reserves, and the determination of the deferred tax liability. By their nature, these estimates of proved and probable reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty. The Company and its partner employ independent reserves evaluators who periodically assess the Company's level of proved and probable reserves by reference to data sets including geological, geophysical and engineering data together with reports, presentations and financial information pertaining to the contractual and fiscal terms applicable to the Company's assets. Significant judgment is involved when determining whether there have been any significant changes in the Company's reserves.

(c) Share-based compensation:

The Company includes an estimate of forfeitures, share price volatility, expected life of awards, and risk-free interest rates in the calculation of the expense related to certain long-term employee incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the share-based payments reserve.

7. Accounts receivable and prepaid expenses:

	September 30, 2020	December 31, 2019
GST refundable	$ 25,276	$ 25,858
Prepaid insurance and other receivables	28,173	1,108
	$ 53,449	$ 26,966

8. Resource Properties:

Oil and Gas

Oza Oil Field - On July 17, 2020 the Company acquired all the issued and outstanding shares of Nigerian-based DPL. DPL's sole asset is a RSA with Millenium. Millenium is the owner of the Oza Oil Field located onshore in the northern part of Oil Mining License 11 in the Eastern Niger Delta of Nigeria. The RSA entitles DPL to cost recovery and a share of distributable funds from the Oza Oil Field in exchange for technical and financial support (Note 14).

(Expressed in Canadian dollars, unless otherwise stated)

9. Resource Properties (cont'd):

Minerals

Holt Option - During the quarter ended September 30, 2018 the Company entered into an option agreement with Island Time Exploration Limited ("Island Time") for the exclusive right to acquire up to 75% interest in four mineral titles totalling 3,687 hectares situated east of Duncan, British Columbia in the Victoria Mining Division (the "Holt Option" Agreement), in consideration for a fee of $100,000, payable by way of a promissory note (Note 10). The exercise of the Holt option, which has been subsequently amended, is conditional upon the Company paying the remaining amount payable on the promissory note to Island Time on or before December 31, 2020 (Note 10) and incurring an aggregate of $300,000 of exploration and development expenditures on the property. The claims are subject to a 2% net smelter return royalty.

	September 30, 2020	December 31, 2019
Oza Oil Field		
Property, Plant and Equipment	$ 1,141,895	$ -
Pre-operation Expenses	2,788,871	-
Petroleum and natural gas assets	6,268,968	-
	10,199,734	-
Holt option	100,000	100,000
	$ 10,299,734	$ 100,000

9. Loans

(i) Short-term loan:

	September 30, 2020	December 31, 2019
Promissory note payable to Island Time	$ 58,362	$ 56,925

During the year ended December 31, 2019, the Company made principal payments of $50,000 towards the promissory note. On September 30, 2020 the remaining balance of the promissory note payable to Island Time is $50,000 plus accrued interest. The note is payable on December 31, 2020 and bears interest at 5% per annum.

10. Refundable Deposit:

On September 3, 2020, DPI received a deposit of $750,000 as part of the San Leon Subscription Agreement ("Subscription Agreement"). The deposit is repayable should a number of conditions in the Subscription Agreement are not be attained including the need to complete additional specific financing. Interest is payable on the deposit at a rate of 10% per annum.

(Expressed in Canadian dollars, unless otherwise stated)

12. Trade payables and accrued liabilities:

	September 30, 2020	December 31, 2019
Trade and other payables	$ 708,343	$ 72,993
Due to related party (Note 18)	60,800	21,650
	$ 769,143	$ 94,643

13. Decommissioning obligation

The decommissioning obligation represents the carrying amount of decommissioning provisions associated with the future abandonment of the existing wells, facilities and well locations at the Oza Oil Field. An initial estimate of $30,000 per well for the three existing well locations has been accrued. These obligations are expected to be settled over a period of 15 years.

14. Acquisition of Decklar Petroleum Ltd:

On July 17, 2020 the Company acquired all the issued and outstanding shares of Nigerian-based Decklar Petroleum Limited, whose sole asset is an RSA with Millenium. Millenium is the owner of the Oza Oil Field located onshore in the northern part of Oil Mining License 11 in the Eastern Niger Delta of Nigeria. The RSA entitles DPL to cost recovery and a share of distributable funds from the Oza Oil Field in exchange for technical and financial support.

The purchase of DPL will be realized on issuance of up to 30,000,000 common shares of the Company. On closing of the acquisition 22,000,000 common shares were issued, with the balance of 8,000,000 shares being payable only if the Oza Oil Field achieves production net to Millenium of 1,000 barrels of oil per day for a period of ten consecutive days in any thirty day period within twelve months of the date of closing.

The 22,000,000 common shares issued were allocated: (i) 14,000,000 Shares to the shareholders of DPL; and (ii) 8,000,000 Shares to extinguish outstanding debt owed by DPL to certain arm's length third parties. The Purchase Price was equivalent to approximately 68% of the Company's issued share capital. None of the DPL shareholders nor third party debt providers were related to the Company and the Acquisition was not a Non-Arm's Length transaction within the meaning of the policies of the TSX-V.

On the date of the transaction, the initial treatment was to account for the transaction as an asset acquisition as follows:

Shares issued – 22 million shares with a value of $0.25/share	$ 5,500,000
Contingent consideration – 8 million shares (Note 16)	2,900,000
	$ 8,400,000
Assets and liabilities of DPL:	
Oil and gas property	$ 8,537,955
Decommissioning obligation	(90,000)
Current liabilities	(234,044)
Fair value adjustment on acquisition	186,089
	$ 8,400,000

(Expressed in Canadian dollars, unless otherwise stated)

15. Share capital:

(a) Authorized:

The Company's share capital consists of an unlimited number of common shares without par value.

(b) Issued and outstanding:

	Number of shares	Amount
Balance, January 1, 2019	8,746,437	$ 131,256,259
Issued by private placement	8,533,333	640,000
Issued for investment advances	4,800,000	360,000
Balance, December 31, 2019	22,079,770	132,256,259
Issued to on acquisition of DPL	22,000,000	5,500,000
Issued on exercise of warrants	10,200,003	1,020,000
Balance, September 30, 2020	54,279,773	$ 138,776,259

(c) Share issuances and Share-based compensation:

(i) Common shares:

On July 17, 2020 the Company issued 22,000,000 common shares to acquire all the issued and outstanding shares of DPL (Note 14).

During the first nine months of 2020 the Company issued 10,200,003 common shares for $1,020,000 on exercise of warrants (Note 15(d))).

In September 2019 the Company completed a non-brokered private placement of 8,533,333 units at a price $0.075 per unit, for aggregate gross proceeds of $640,000 and issued 4,800,000 units at a price of $0.075 to settle $360,000 of investment advances. Each unit consisted of one common share of the Company, and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.10 per common share for 24 months. All securities issued pursuant to the private placement were subject to a four-month hold period. No finder’s fees were paid in connection with the placement.

(ii) Common share options:

The Company grants share purchase options pursuant to the policies of the TSX-V with respect to eligible persons, exercise price, maximum term, vesting, maximum options per person, and termination of eligible person status. The purpose of the share purchase options is to retain and motivate management, staff, consultants, and other qualified individuals by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

During the quarter ended September 30, 2020 share-based compensation expense in the amount of $465,579 was recorded related to the vesting of share options granted to directors and employees (September 30, 2019 – nil).

(Expressed in Canadian dollars, unless otherwise stated)

15. Share capital (cont'd):

(ii) Common share options (cont'd):

The continuity of outstanding share purchase options for the year ended September 30, 2020, is as follows:

Expiry dates	Exercise prices	Balance December 31, 2019	Granted	Exercised	Expired/ cancelled/ forfeited	Balance September 30, 2020
April 5, 2022	$10.00	75,000	-	-	-	75,000
April 5, 2022	$15.00	75,000	-	-	-	75,000
April 5, 2022	$20.00	75,000	-	-	-	75,000
September 4, 2025	$0.28	-	5,175,000	-	-	5,175,000
		225,000	5,175,000	-	-	5,400,000
Weighted average exercise price		$ 15.00		-	-	$ 0.89
Weighted average remaining life (years)		2.26	-	-	-	4.79

The continuity of outstanding share purchase options for the year ended September 30, 2019, is as follows:

Expiry dates	Exercise prices	Balance December 31, 2018	Granted	Exercised	Expired/ cancelled/ forfeited	Balance Sept 30, 2019
November 5, 2019	$10.00	3,704	-	-	(3,704)	-
April 5, 2022	$10.00	75,000	-	-	-	75,000
April 5, 2022	$15.00	75,000	-	-	-	75,000
April 5, 2022	$20.00	75,000	-	-	-	75,000
		228,704	-	-	(3,704)	225,000
Weighted average exercise price		$ 14.92	-	-	-	$ 15.00
Weighted average remaining life (years)		3.22	-	-	-	2.26

(d) Common share purchase warrants

In September 2019, the Company issued 13,333,333 common share purchase warrants entitling the holder to acquire one common share at a price of $0.10 per common share for 24 months (note 15(c)(i)). The warrants were valued at $nil using the residual value method. During the first nine months of 2020, 10,200,003 warrants were exercised for a total exercise price of $1,020,000.

(Expressed in Canadian dollars, unless otherwise stated)

15. Share capital (cont'd):

(e) Income/ (loss) per share ("EPS"):

The loss and weighted average number of outstanding shares used in the calculation of basic and diluted loss per share are as follows:

	September 30, 2020	September 30, 2019
Net loss for the 3-month period ended - used in the calculation of basic EPS	$ (803,534)	$ (70,568)
Weighted average number of outstanding shares for the purpose of basic EPS	49,282,671	12,607,306
Weighted average number of outstanding shares used in the calculation of diluted EPS	51,716,588	22,780,443
Basic earnings/(loss) per share	$ (0.02)	$ (0.01)
Diluted earnings/(loss) per share	$ (0.02)	$ (0.01)

	September 30, 2020	September 30, 2019
Net loss for the 9-month period ended - used in the calculation of basic EPS	$ (1,323,944)	$ (150,117)
Weighted average number of outstanding shares for the purpose of basic EPS	32,400,817	10,096,376
Weighted average number of outstanding shares used in the calculation of diluted EPS	34,834,704	20,292,454
Basic earnings/(loss) per share	$ (0.04)	$ (0.01)
Diluted earnings/(loss) per share	$ (0.04)	$ (0.01)

16. Contingent Consideration

The Company purchased all the issued and outstanding shares of Decklar Petroleum Limited on July 17, 2020 (Note 14). The consideration for the purchase included 8,000,000 shares payable only if the Oza Oil Field achieves production net to Millenium of 1,000 barrels of oil per day for a period of ten consecutive days in any thirty day period within twelve months of the date of closing. The present value of the Contingent consideration was estimated by management using a 10% discount rate and a price of $0.50 per share with an 80% probability that all contingent shares will be issued one year after the closing date. For every 1% increase or decrease in the discount rate used for this calculation (within a range of 0% to 20%), the total value of the consideration increases or decreases an average of $26,500. For every $0.01 increase or decrease in the estimated share price used for this calculation, the total estimated fair value of the consideration increases or decreases by just over $58,000.

(Expressed in Canadian dollars, unless otherwise stated)

17. General and administrative expenses:

	Three months ended Sept 30 2020	Three months ended Sept 30 2019	Nine months ended Sept 30 2020	Nine months ended Sept 30 2019
Salaries, wages and benefits	$ 25,800	$ 21,842	$ 65,800	$ 62,167
Legal, audit and consulting	50,852	33,136	232,816	38,136
Office, administrative and share-based compensation	540,157	15,976	589,810	47,186
	$ 616,809	$ 70,954	$ 888,426	$ 147,489

18. Related party transactions:

(a) Balances receivable and payable:

The amounts due to a related party and included in accounts payable, are non-interest bearing, unsecured, and due on demand, and comprise the following:

	September 30, 2020	December 31, 2019
Due to a senior officer	$ 60,800	$ 21,650

(b) Key management personnel:

Key management personnel includes the salaries and consulting fees paid and/or accrued to the Company's senior officers and directors as follows:

	Three months ended Sept 30 2020	Three months ended Sept 30 2019	Nine months ended Sept 30 2020	Nine months ended Sept 30 2019
Salary and consulting fees	$ 25,800	$ 21,842	$ 65,800	$ 62,167
Share-based payments, directors and senior officers	101,213	-	101,213	-
	$ 127,013	$ 21,842	$ 167,013	$ 62,167

19. Segment information:

The Company conducts its business as a single reportable operating segment, being the development of oil fields In Nigeria. Geographical information is as follows:

September 30, 2020	Canada	Nigeria	Total
Interest income	$ 3,473	$ -	$ 3,473
Loss for the period	(617,445)	(186,089)	(803,534)
Non-current assets	100,000	10,199,734	-10,299,734
Total assets	483,542	10,484,598	-10,968,140

(Expressed in Canadian dollars, unless otherwise stated)

19. Segment information (cont'd):

September 30, 2019	Canada	Nigeria	Total
Interest income	$ 1,689	-	-$ 1,689
Loss for the period	70,568	-	70,568
Total assets	733,169	-	733,169

20. Supplemental cash flow information:

	Three months ended Sept 30 2020	Three months ended Sept 30 2019	Nine months ended Sept 30 2020	Nine months ended Sept 30 2019
Supplemental information:				
Interest received	$ 376	$ 1,689	$ 3,473	$ 2,191
	$ 376	$ 1,689	$ 3,473	$ 2,191

21. Financial risk management:

(a) Credit risk:

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term guaranteed investment certificates and accounts receivable. The Company's cash balances are held with major Canadian banks and in the view of the Board are considered creditworthy. The Company only deals with reputable financial institutions and regularly assesses international exposure and market risk. The Company has a small investment in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. As at September 30, 2020, the Company had GST refundable and other prepaid and receivables, in the amount of $53,448 (September 30, 2019 - $18,526), that were not considered past due.

(b) 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 has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including its capital development and exploration expenditures. As at September 30, 2020, the Company had cash and cash equivalents of $614,957 (September 30, 2019: $614,643) and accounts payable, accrued liabilities and other current liabilities of $1,846,301 (September 30, 2019: $96,166) (see Note 1).

The Company's primary market risks include changes in foreign exchange and interest rates on financial instruments in currencies other than Canadian dollars. At September 30, 2020, the Company had no hedging agreements in place with respect to metal prices or exchange rates.

(Expressed in Canadian dollars, unless otherwise stated)

21. Financial risk management (cont'd):

(c) Market risk:

(*i*) Currency risk:

The Company currently has no currency risk.

(*ii*) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The interest is typical of Canadian banking rates, which are at present historically low; however, the Company's conservative investment strategy mitigates the risk of deterioration of capital invested. A change of 100 basis points in the interest rate would not be material to the condensed consolidated interim financial statements.

(*iii*) Commodity price risk:

The Company currently has no sales of commodities, as it does not currently have a producing asset. Metal prices and petroleum product prices have historically fluctuated significantly and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, and certain other factors. The Company has not engaged in any hedging activities to reduce its exposure to commodity price risk.

(d) Financial assets and liabilities:

As at September 30, 2020, the carrying and fair values of the Company's financial instruments by category are as follows:

	Amortized cost	Financial liabilities	Fair value	Less than 1 year	1 to 3 years
Financial assets					
Cash and cash equivalents	$ 614,957	$ -	$ 614,957	$ 614,957	$ -
Accounts receivable and prepaid expenses	53,449	-	53,449	53,449	-
Total financial assets	$ 669,406	$ -	$ 669,406	$ 669,406	$ -
Financial liabilities					
Short-term loans	$ -	$ 58,362	$ 58,362	$ 58,362	$ -
Trade payables and accrued liabilities	-	769,143	769,143	769,143	-
Refundable deposit	-	1,018,796	1,018,796	1,018,796	-
Total financial liabilities	$ -	$1,846,301	$ 1,846,301	$ 1,846,301	$ -

21. Financial risk management (cont'd):

(e) Fair value:

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full contractual term of the asset or liability.
- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and other current liabilities approximate their respective fair values due to the short-term nature of these instruments.

The Company has no financial assets or liabilities, recorded at fair value, included in Level 1 or 3 of the fair value hierarchy.

22. Capital management:

The Company manages its capital structure and makes adjustment to it in order to have the funds available to support its exploration, development, and other activities. The adequacy of the capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the metals markets, the mining industry, economic conditions, and the associated risks. The Company's recent investment in a Nigerian oil and gas resource will require consideration of the petroleum products markets and associated economic conditions and risks as part of capital management. The Company's capital management approach is reviewed on an ongoing basis. The Company is not subject to externally imposed capital requirements.

23. COVID-19

In March 2020, the World Health Organization declared a pandemic related to the continuing worldwide spread of the Coronavirus (COVID-19). The confusion and uncertainty caused by this health threat is expected to seriously impact the economies of many of the world's countries, including Canada, Nigeria, and the United States of America, and will certainly have a negative impact on businesses worldwide. The Company continues to address the critical needs of its partners, suppliers, and customers. Under current conditions, however, it is impossible to reliably estimate the impact of the pandemic on the Company's future financial results. The current challenging economic climate relating to the effect of COVID-19 may lead to challenges in managing cash flows and the ability to raise capital.