Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

DECKLAR RESOURCES INC.

September 30, 2021 and 2020

Unaudited

DECKLAR RESOURCES INC.

Contents

As at September 30, 2021 and for the three and nine month periods ended September 30, 2021 and 2020

(Unaudited)

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") have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the 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
(In Canadian dollars)
(Unaudited)

	Notes		September 30, 2021		December 31, 2020
Assets					
Current assets:					
Cash and cash equivalents		$	**832,712**	$	123,236
Accounts receivable and prepaid expenses	4		**124,264**		58,930
Deposits	16		**8,935,701**		-
Total current assets			**9,892,677**		182,166
Non-current assets:					
Resource properties	5		**19,648,552**		5,778,471
Total assets		$	**29,541,229**	$	5,960,637
Liabilities and Shareholders' Equity					
Current liabilities:					
Short-term loans	6	$	**563,791**	$	305,529
Refundable deposit	7		**1,010,291**		985,866
Trade payables and accrued liabilities	8		**7,079,450**		653,413
Total liabilities			**8,653,532**		1,944,808
Shareholders' equity:					
Share capital	9		**158,628,798**	$	138,680,452
Share-based payments reserve			**2,921,591**		1,117,282
Contingent consideration	5		**1,601,229**		1,601,229
Accumulated other comprehensive loss			**5,568**		(253,556)
Deficit			**(142,269,489)**		(137,129,578)
Total shareholders' equity			**20,887,697**		4,015,829
Total liabilities and shareholders' equity		$	**29,541,229**	$	5,960,637

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Going concern (note 1)
Subsequent events (note 16)

DECKLAR RESOURCES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(In Canadian dollars, except common share amounts)
(Unaudited)

	Notes	Three months ended September 30		Nine months ended September 30	
		2021	2020	**2021**	2020
Operating costs					
General and administrative expenses	10	**$ (3,571,664)**	$ (616,809)	$ **(4,965,162)**	$ (888,426)
Transaction costs		**-**	-	**-**	(250,000)
Impairment of resource properties	5(b)	**(200,000)**	-	**(200,000)**	-
Operating loss		**(3,771,664)**	(616,809)	**(5,165,162)**	(1,138,426)
Other income (expenses)					
Finance income	13	**491**	376	**1,108**	3,473
Finance expense		**9,024**	-	**(45,233)**	(1,437)
Foreign exchange gain (loss)		**432,152**	(1,012)	**69,375**	(1,465)
Fair value adjustment on acquisition		**-**	(186,089)	**-**	(186,089)
Total other income (expenses)		**441,667**	(186,725)	**25,250**	(185,518)
Net loss for the period		**(3,329,997)**	(803,534)	**(5,139,912)**	(1,323,944)
Other comprehensive loss:					
Unrealized foreign exchange gain (loss) on translation		**525,931**	(2,438)	**259,124**	(2,438)
Comprehensive loss for the period		**$ (2,804,066)**	(805,972)	$ **(4,880,788)**	(1,326,382)
Basic and diluted net loss per share		**$ (0.04)**	(0.02)	$ **(0.07)**	(0.04)
Weighted average number of common shares outstanding:					
Basic and diluted		**87,190,521**	49,282,671	**75,033,903**	32,400,817

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

DECKLAR RESOURCES INC.

Condensed Consolidated Interim Statement of Changes in Equity
(In Canadian dollars, except common share amounts)
(Unaudited)

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive loss	Contingent consideration	Deficit	Shareholders' equity
Balance, December 31, 2019	22,079,770	$ 132,256,259	$ 484,924	$ -	$ -	$(132,272,740)	$ 468,443
Issue of shares	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 loss 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)	$ 9,032,516
Balance, December 31, 2020	54,279,773	$ 138,680,452	$ 1,117,282	$ (253,556)	$ 1,601,229	$(137,129,578)	$ 4,015,829
Issue of shares	36,962,379	20,776,018	-	-	-	-	20,776,018
Share issuance costs	-	(827,672)	-	-	-	-	(827,672)
Share-based payments	-	-	1,804,309	-	-	-	1,804,309
Currency translation	-	-	-	259,124	-	-	259,124
Net loss for the period	-	-	-	-	-	(5,139,911)	(5,139,911)
Balance, September 30, 2021	91,242,152	$ 158,628,798	$ 2,921,591	$ 5,568	$ 1,601,229	$(142,269,489)	$20,887,697

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

DECKLAR RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(In Canadian dollars)
(Unaudited)

	Notes	**Nine months ended September 30, 2021**	Nine months ended September 30, 2020
Cash provided by (used in):			
Operating activities:			
Net loss for the period		**$ (5,139,912)**	$ (1,323,944)
Items not involving cash:			
Share-based payments	9(c)(ii)	**1,804,309**	465,579
Interest on loans and deposits		**2,927**	-
Impairment of resource properties	5(b)	**200,000**	
Finance expense		**(5,594)**	
Changes in non-cash operating working capital:			
Accounts receivable and prepaid expenses		**(65,334)**	(26,483)
Trade payables and accrued liabilities		**6,426,037**	674,500
Cash flow provided (used in) operating activities		**3,222,433**	(210,348)
Financing activities:			
Warrants exercised	9	**313,333**	1,020,000
Share options exercised	9	**359,334**	-
Private placement	9	**19,189,504**	-
Refundable deposit		**-**	1,018,796
Short-term loans advanced (repaid)	6	**260,929**	-
Cash flow provided by financing activities		**20,123,100**	2,038,796
Investing activities:			
Resource property expenditures		**(13,822,303)**	(1,661,779)
Deposits		**(8,935,701)**	
Cash flow used in investing activities		**(22,758,004)**	(1,661,779)
Net increase (decrease) in cash and cash equivalents		**587,529**	166,669
Effect of foreign exchange rate fluctuations on cash held in foreign jurisdictions		**121,947**	(44,757)
Cash and cash equivalents, beginning of year		**123,236**	493,045
Cash and cash equivalents, end of period		**$ 832,712**	$ 614,957

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Supplemental cash flow information (note 13)

1. Nature of business and going concern:

Decklar Resources Inc. ("Decklar" or 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 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 16, 2020 the Company completed an agreement to acquire all the issued and outstanding shares of Nigeria-based Decklar Petroleum Limited ("DPL"), whose sole asset is a Risk Service Agreement ("RSA" or "Resource Property") 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 5). The Company is now focused on providing technical and financial support to develop the Oza Oil Field with Millenium and on evaluating and pursuing additional oil and gas opportunities in Nigeria.

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. For the nine months ended September 30, 2021, the Company incurred net losses of $5,139,912 (nine months ended September 30, 2020 - $1,323,944), and as at that date, has an accumulated deficit of $142.3 million (December 31, 2020 - $137.1 million) and working capital of $1.24 million (December 31, 2020 - $1.76 million deficit). The Company currently has no source of operating cash flow and is completely dependent on external sources of financing. While Decklar closed two successful financings in 2021, with net proceeds totalling roughly $15 million, additional equity and/or debt financing will be needed to continue to develop the Company's strategic assets, including the investment in Nigeria, and to pay general and administrative costs. Future financing, if available, might not be available at terms favourable to the Company and might involve dilution to existing shareholders. These factors indicate the existence of uncertainty about the Company's ability to continue as a going concern. 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.

The outbreak of the novel coronavirus ("COVID-19") was declared a pandemic by the World Health Organization on March 11, 2020. Global financial markets experienced significant volatility and weakness as a consequence of the pandemic and governments worldwide enacted emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, temporary business closures, self-imposed quarantine periods, social distancing and restrictions on public gatherings, caused material disruption to businesses globally resulting in a prolonged economic slowdown. Crude oil prices declined dramatically in 2020 due to the actual and anticipated impacts of COVID-19 on global commerce and energy demand, as well as disagreements between major oil producing nations of Saudi Arabia and Russia with respect to production quotas. While economic circumstances have improved, and crude oil demand and prices have rebounded, new waves of the outbreak continue to create uncertainty, and hinder achievement of a sustained economic recovery. The duration, future trajectory and full extent of the impact of COVID-19 remains uncertain.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). These condensed consolidated interim financial statements do not include all the necessary annual disclosures as prescribed by IFRS and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2020. The critical accounting judgements and significant estimates used in the preparation of the of the December 31, 2020, consolidated financial statements have been applied in preparation of these condensed consolidated interim financial statements.

(b) Approval of the financial statements:

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2021 and 2020, were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on November 26, 2021.

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) Currency translation:

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of its subsidiary, DPL, is the United States dollar. Transactions denominated in foreign currencies are translated into their Canadian dollar equivalents at exchanges rates prevailing at the transaction dates. Carrying values of the monetary assets and liabilities are translated into their Canadian dollar equivalents at the exchange rates in effect on the reporting date. Gains and losses on translation or settlement are included in income or loss for the current year.

The financial results of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of foreign operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on translation are recognized as other comprehensive income or loss.

(c) Basis of consolidation:

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned 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.

(d) Cash and cash equivalents:

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

(e) Joint 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 RSA executed between DPL and Millenium. These are 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 condensed consolidated interim financial statements include the Company's share of the relevant revenues and related costs classified according to their nature.

(f) Intangible assets:

Identifiable intangible assets acquired through an asset acquisition are initially recorded at fair value and are carried at cost less accumulated amortization and any accumulated impairment losses.

Expenditures on developed resource properties such as drilling or re-entry of development wells, tangible costs of facilities, and infrastructure construction are capitalized to the RSA, if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and,
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Identifiable intangible assets with finite useful lives are amortized over their estimated useful lives. The RSA will be amortized using the unit-of-production method over the total underlying assets reserve life, 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 resource properties 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.

(g) Impairment of long-lived assets:

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 or there is an indication of impairment reversal. If indicators of impairment exist, 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. These calculations require the use of estimates and assumptions including cash flows associated with each CGU, the discount rate used to present value future cash flows and assumptions regarding the timing and amount of capital expenditures.

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 are being made. 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 income or loss in the period the impairment indicator is identified.

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 income or loss.

(h) Business combinations:

Business combinations are accounted for using the acquisition method under IFRS 3 - Business Combinations. Management's determination of whether a transaction constitutes a business combination, or an asset acquisition is determined based on the criteria in IFRS 3. The identifiable assets acquired, and liabilities assumed, are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date. The excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. If the cost of the acquisition is less than the fair value of the net identifiable assets acquired, a gain on business combination is recognized immediately in net income or loss. Any deferred tax asset or liability arising from the business combination is recognized at the acquisition date. Transaction costs associated with a business combination are expensed as incurred. Results of acquisitions are included in the consolidated financial statements from the closing date of acquisition. An entity can apply a ‘concentration test’ that, if met, eliminates the need for further assessment whether a transaction constitutes a business combination. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. Entities may elect to apply the concentration test on a transaction-by-transaction basis.

(i) 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.

(j) Share Purchase Warrants:

From time to time, share purchase warrants (“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.

(k) 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. 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.

(l) 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.

(In Canadian dollars, unless otherwise stated)

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. Accounts receivable and prepaid expenses:

	September 30, 2021	December 31, 2020
GST refundable	$ 85,158	$ 44,842
Prepaid insurance and other receivables	39,106	14,088
	$ 124,264	$ 58,930

5. Resource properties:

	September 30, 2021	December 31, 2020
Risk service agreements (a)	$ 19,648,552	$ 5,678,471
Holt option (b)	-	100,000
	$ 19,648,552	$ 5,778,471

At September 30, 2021, there were no indicators of impairment or impairment reversal for the Oza RSA.

(a) Risk service agreements

Oza Oil Field

On July 16, 2020, the Company acquired all the issued and outstanding shares of Nigeria-based Decklar Petroleum Limited, an unrelated party, for consideration comprised of 22,000,000 common shares of the Company issued on the closing date (the “Issued Shares”) plus contingent consideration of 8,000,000 common shares (the “Contingent Shares”) issuable upon achievement of a future event. DPL’s sole asset is its RSA with Millenium. 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 to develop the Oza Oil Field.

Upon closing the acquisition, 14,000,000 of the Issued Shares were allocated to the shareholders of DPL. The remaining 8,000,000 Issued Shares were allocated to DPL’s arm’s-length third-party debt holders. The Contingent Shares are issuable 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 prior to March 31, 2022.

The acquisition of DPL did not qualify as a business combination under IFRS 3 - *Business Combinations* and was accounted for under IFRS 2 - *Share-based payment*. The equity settled share transaction was measured using the fair value of DPL’s net assets on July 16, 2020, and a corresponding increase to share capital for the Issued and Contingent Shares.

The following details the Oza Oil field RSA at September 30, 2021:

	September 30, 2021	December 31, 2020
Acquired July 16, 2020	$ -	$ 7,499,498
Balance January 1, 2021	5,678,471	-
Additions during the period	13,722,303	1,846,062
Impairment	-	(3,346,978)
Foreign exchange	247,778	(320,111)
	$ 19,648,552	$ 5,678,471

(In Canadian dollars, unless otherwise stated)

(b) 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 6). The exercise of the Holt option, which was subsequently amended, was conditional upon: i) issuing 175,000 common shares for payment of principal and interest outstanding on the Island Time promissory note (note 6), and ii) incurring $300,000 of expenditures on the Holt claims by way of cash advance to Island Time with $100,000 to be advanced within 5 business days following a Decklar private placement (such funds were advanced in March 2020) and $200,000 to be advanced on or before September 30, 2021. As a result of the Company's focus on its undertakings in Nigeria, Decklar elected not to advance the additional $200,000 thereby forgoing its rights under the Holt option. This circumstance also made it apparent that the Company would not recover its investment in the Holt Option. Consequently, the Company recorded an impairment of $200,000 in Q3 2021 to write off this asset.

6. Short-term loans:

	September 30, 2021	December 31, 2020
Promissory note payable to Island Time	$ -	$ 59,852
Other short-term loans	563,791	245,677
	$ 563,791	$ 305,529

In Q2 2021, the Company issued 175,000 common shares in order to meet the terms under the Holt Option (note 5).

Other short-term loans are comprised of the outstanding balance of advances made directly to DPL, and payments made on behalf of DPL, by an external party to fund day-to-day and early field operations during the start-up and early stages of DPL's operations. The loans do not bear interest and are due on demand.

7. Refundable deposit:

As part of the San Leon Subscription Agreement ("Subscription Agreement"), DPL received a deposit in the fall of 2020. At September 30, 2021 the outstanding balance of the deposit including accrued interest was $1,010,291 (December 31, 2020: $985,866) The deposit is repayable should a number of conditions in the Subscription Agreement not be attained, including the completion additional financings. Interest is payable on the deposit at a rate of 10% per annum. Interest expense during the nine months ended September 30, 2021 has been accrued in the amount of $71,472, which has been capitalized in resource properties.

8. Trade payables and accrued liabilities:

	September 30, 2021	December 31, 2020
Trade and other payables	$ 7,003,239	$ 447,265
Due to related party (note 11)	76,211	206,148
	$ 7,079,450	$ 653,413

9. Share capital:

(a) Authorized:

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

(In Canadian dollars, unless otherwise stated)

(b) Issued and outstanding:

	Number of shares	Amount
Balance, December 31, 2019	22,079,770	$ 132,256,259
Issued to on acquisition of DPL (note 5)	22,000,000	5,404,194
Issued on exercise of warrants (note 9(d))	10,200,003	1,019,999
Balance, December 31, 2020	54,279,773	138,680,452
Issued in private placement (note 9(c)(i))	17,295,714	4,570,002
Issued to Island Time per contract	175,000	105,000
Issued on exercise of stock options (note 9(c)(ii))	1,283,335	359,334
Issued on exercise of warrants (note 9(d))	3,133,330	313,333
Issued in Unit Offering (note 9(c)(i))	10,075,000	9,649,179
Issued in Unit Offering (note 9(c)(i))	5,000,000	4,951,498
Balance, September 30, 2021	91,242,152	$ 158,628,798

(c) Share issuances and share-based payments:

(i) Common shares:

In March 2021, the Company completed a private placement, issuing 16,865,714 common shares at a price of $0.28 per share for gross proceeds of $4,842,800 net proceeds of $4,570,002 after total share issuance costs of $272,798. All common shares issued pursuant to the placement were subject to a four-month hold. Brokers fees included issuance of 430,000 common shares that resulted in a share-based payment valued at $120,400.

In May 2021, the Company completed an unbrokered unit offering, issuing 10,075,000 units, with each unit consisting of one common share and one-half common share purchase warrant, at a price of $1.00 per unit for gross proceeds of $10,075,000 and net proceeds of $9,649,179 after total share issuance costs of $582,525. Each whole warrant entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months (see note 9(d)). All common shares issued pursuant to the offering were subject to a four-month hold. Finders' fees included cash of $559,200 and 280,000 common share purchase warrants entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months.

On August 27, 2021, Decklar announced the closing of a financing consisting of 5,000,000 units at a price of $1.00 per unit. Each unit consists of one common share of Decklar and one-half common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price of $1.50 per common share for a period of 12 months from the closing date of the offering. Net proceeds were $4,951,498, net of share issuance costs of $112,500.

(ii) Common share options:

The Company grants share purchase options pursuant to the policies of the TSX-Venture Exchange 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.

On August 13, 2021, Decklar announced that it granted an aggregate of 3,540,000 share purchase options to certain directors, officers, and consultants of the Company in accordance with the Company's current stock option plan. A total of 1,650,000 of the options are being issued to directors and officers of the Company. Each option is exercisable into one common share of the Company at a price of $1.00 per share for a period of five years expiring August 13, 2026. One-third of the options vest on August 13, 2021, one-third on January 13, 2022, and one-third on August 13, 2022. The forfeiture rates are based on historical data and management's estimates. The fair value of the options granted is estimated as at the grant date using the Black-Scholes option pricing model using the following assumptions:

(In Canadian dollars, unless otherwise stated)

Risk-free interest rate	0.93%
Expected life	5 years
Expected volatility	265%
Fair value per option	$0.99
Forfeiture rate	15%
Dividend yield	-

Options granted in September 2020 are exercisable at $0.28 per option and expire 5 years after the grant date. One third of the stock options vested September 4, 2020, one-third vested March 4, 2021 and the remaining one-third vested on September 4, 2021.

The continuity of outstanding share purchase options for the period ended September 30, 2021 is as follows:

Expiry dates	Exercise prices	Balance December 31, 2020	Granted	Exercised	Expired/ cancelled/ forfeited	Balance September 30, 2021
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	-	1,283,334	-	3,891,666
August 13, 2026	$1.00	-	3,540,000	-	-	3,540,000
		5,400,000	3,540,000	1,283,334	-	7,656,666
Weighted average exercise price		$ 0.89				$ 1.05
Weighted average remaining life (years)		4.53				4.26

As at September 30, 2021, 5,296,666 share purchase options were exercisable (2020 - 1,950,000). These options have a weighted average exercise price of $1.07 per share (2020 - $2.10 per share).

During the three and nine month period ended September 30, 2021, the Company recorded share-based compensation expense in the amount of $1,563,370 and $1,804,309 respectively (2020 - $465,579).

(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. The warrants were valued at $nil using the residual value method. During 2020, 10,200,003 warrants were exercised for total proceeds of $1,019,999, and in the first half of 2021 the remaining 3,133,330 warrants were exercised for total proceeds of $313,333.

In May 2021, the Company issued 10,075,000 one-half common share purchase warrants, with each whole warrant entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months. In the event all of the one-half common share purchase warrants are exercised, a total of 5,037,500 common shares will be issued. An additional 280,000 common share purchase warrants were issued as a finders' fee, entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months. The warrants were valued at $nil using the residual value method.

(In Canadian dollars, unless otherwise stated)

In August 2021, the Company issued 5,000,000 one-half common share purchase warrants, with each whole warrant entitling the holder to acquire one common share at a price of $1.50 per common share for 12 months. In the event all of the one-half common share purchase warrants are exercised, a total of 2,500,000 common shares will be issued.

(e) Loss per share

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the outstanding warrants and options as the effect is anti-dilutive for the three and nine month periods ended September 30, 2021 and 2020, as the Company incurred net losses in each period.

10. General and administrative expenses:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Consulting	$ 359,059	$ 25,800	$ 698,008	$ 65,800
Professional and regulatory	789,524	50,852	1,011,903	232,816
Office and administrative	685,293	74,578	1,113,820	124,231
Business development	174,418	-	337,122	-
Share-based payments	1,563,370	465,579	1,804,309	465,579
	$ 3,571,664	$ 616,809	$ 4,965,162	$ 888,426

11. Related party transactions:

(a) Balances payable:

The amounts due to a related party and included in trade payables and accrued liabilities are non-interest bearing, unsecured, and due on demand, and comprise the following:

	September 30, 2021	December 31, 2020
Due to officers and directors	$ 76,211	$ 206,148

(b) Key management personnel:

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

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Salary and consulting fees	$ 152,884	$ 25,800	$ 423,566	$ 65,800
Share-based payments, directors and senior officers	534,653	101,213	627,263	101,213
Salary and consulting fees	$ 687,537	$ 127,013	$ 1,050,829	$ 167,013

Transactions with related parties are in the normal course of operations and initially recorded at fair value.

12. 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:

(In Canadian dollars, unless otherwise stated)

	Nine months ended September 30, 2021		
	Canada	Nigeria	Total
Interest income	$ 1,108	$ -	$ 1,108
Loss for the period	(4,435,636)	(704,276)	(5,139,912)
Non-current assets	-	19,648,552	19,648,552
Total assets	754,648	28,786,581	29,541,229

	Nine months ended September 30, 2020		
	Canada	Nigeria	Total
Interest income	$ 3,473	$ -	$ 3,473
Loss for the period	(617,445)	(189,089)	(1,323,944)
Non-current assets	100,000	10,199,734	10,299,734
Total assets	483,542	10,484,598	10,968,140

13. Supplemental cash flow information:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Supplemental information:				
Interest received	$ 491	$ 376	$ 1,108	$ 3473

14. 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 majority of 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, 2021, the Company had GST refundable and other prepaid and receivables, in the amount of $124,264 (December 31, 2020 - $58,930), that were not considered past due.

Given that Decklar will be financing virtually all expenditures of its co-venturer, the Company is exposed to credit risk that arises from the credit quality of the co-venturer. Fluctuations in crude oil prices can impact the cash flows of Decklar and its co-venturer.

(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, 2021, the Company had cash and cash equivalents of $832,712 (December 31, 2020 - $123,236) and trade payable and accrued liabilities and other current liabilities of $7,079,450 (December 31, 2020 - $653,413).

The Company's primary market risks include changes in foreign exchange and interest rates on financial instruments in other than Canadian dollars. At September 30, 2021 and 2020 the Company had no hedging agreements in place with respect to commodity prices or exchange rates.

(c) Market risk:

(i) Currency risk:

The reporting currency of the Company is Canadian dollars. The Company also enters into transactions denominated in United States dollars and Nigerian naira for which the related expenses and accounts payable balances are subject to exchange rate fluctuations.

(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 to capital invested. A change of 100 basis points in the interest rate would not be material to the consolidated financial statements.

(iii) Commodity price risk:

The Company currently has no sales of commodities, as it does not have a producing asset. Oil 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, 2021 the carrying and fair values of the Company's financial instruments by category are as follows:

	Amortized cost	Fair value	Less than 1 year	1 to 3 years
Financial assets				
Cash and cash equivalents	$ 832,712	$ 832,712	$ 832,712	$ -
Accounts receivable and prepaid expenses	124,264	124,264	124,264	-
Total financial assets	$ 956,976	$ 956,976	$ 956,976	$ -
Financial liabilities				
Short-term loans	$ 563,791	$ 563,791	$ 563,791	$ -
Refundable deposit	1,010,291	1,010,291	1,010,291	-
Trade payables and accrued liabilities	7,079,450	7,079,450	7,079,450	-
Total financial liabilities	$ 8,653,532	$ 8,653,532	$ 8,653,532	$ -

(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 trade payables and accruals 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, 2 or 3 of the fair value hierarchy.

15. 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 commodity markets, the resource industry, economic conditions, and the associated risks. The Company's capital management approach is reviewed on an ongoing basis. The Company is not subject to externally imposed capital requirements.

16. Subsequent events:

Oza-1 Well Re-Entry

On October 21, 2021, the Company announced that the Oza-1 well re-entry was successfully flow-tested in the three target zones. The final well completion design and procurement was concluded, with all completion equipment having arrived on location at the Oza-1 well.

On November 2, 2021, the Company announced that completion operations on the well had been completed.

Asaramatoru Oil Field

On July 14, 2021, Decklar announced the completion of a Share Purchase Agreement to purchase all of the issued and outstanding ordinary shares of Purion Energy Limited ("Purion"), a Nigerian entity that has entered into a Risk Finance and Technical Services Agreement with Prime Exploration and Production Limited with respect to the 51% equity interest that was awarded to Prime in the Asaramatoru Oil Field.

On November 5, 2021, the Company announced that the Share Purchase Agreement had closed and the initial 3,750,000 shares had been issued to Purion.

Emohua Oil Field

On October 6, 2021, Decklar announced that it had entered into a non-binding Letter of Intent to purchase all of the issued and outstanding ordinary shares of Westfield Exploration and Production Limited (“Westfield”), a Nigerian entity that has entered into a Risk Finance and Technical Services Agreement with Erebiina Energy Resources Limited (“Erebiina”) to participate in the Emohua Field in Nigeria. The transaction terms include a cash payment of US$7 million, which was paid as a deposit to be credited against the final purchase price, and the issuance of up to 6,000,000 common shares of Decklar as consideration for the acquisition of all the issued and outstanding Westfield Shares.