COURT FILE NUMBER	2001-10261
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GLENOGLE ENERGY INC., 1651558 ALBERTA LTD. and GLENOGLE ENERGY LP
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7 Attention: Chris Simard Telephone No.: 403-298-4485 Fax No.: 403-265-7219 Client File No.: 61640.13

AFFIDAVIT OF JAMIE BLAIR

Sworn August 31, 2020

I, JAMIE BLAIR, of the City of Calgary, in the Province Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Executive Officer of Glenogle Energy Inc. and 1651558 Alberta Ltd. (collectively the "**Applicants**") and as such I have personal knowledge of the

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matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I verily believe same to be true.

2. Unless otherwise indicated, monetary references in this affidavit are references to Canadian dollars.

I. RELIEF SOUGHT

3. This affidavit is sworn in support of two applications, an application for an Order (the "**Initial Order**") in respect of the Applicants and Glenogle Energy LP (collectively with the Applicants, "**Glenogle**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985 c. C-36, as amended (the "**CCAA**"), and an application for an amended and restated Initial Order ("**ARIO**") together granting, among other things, the following relief:

(a) declaring service of the applications and supporting materials good and sufficient, and if necessary, abridging time for notice of the Applications to the time actually given;

(b) declaring that the Applicants are companies to which the CCAA applies;

(c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property;

(d) authorizing the Applicants to pay the reasonable expenses incurred by the Applicants in carrying out its business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;

(e) staying all proceedings, rights and remedies against or in respect of the Applicants or their business or property, or the Monitor (as defined below), except as otherwise set forth in the Initial Order;

(f) appointing Ernst & Young Inc. as the monitor (the "**Monitor**") of the Applicants in these proceedings;

(g) authorizing the Applicants to pay the reasonable fees and disbursements of the Monitor and its counsel and the Applicants' professional advisors and legal advisors;

(h) recognizing and continuing the Interim Lender's Charge and KERP Charge granted in the proceedings (the "**NOI Proceedings**") commenced by the Applicants under Part II of the *Bankruptcy and Insolvency Act* (the "**BIA**"), and increasing the maximum amount that may be borrowed under the Interim Lender's Charge;

(i) granting the following priority to the Court-ordered charges on the Property of Glenogle:

    (i) First - Administration Charge;

    (ii) Second - Interim Lenders Charge;

    (iii) Third – Key Employee Retention Plan Charge;

    (iv) Fourth - Directors' Charge;

(j) providing for a comeback hearing in respect of the relief granted under the Initial Order on September 9, 2020; and

(k) such further and other relief as this Honourable Court may deem just.

II. OVERVIEW OF GLENOGLE

4. Glenogle is incorporated and registered pursuant to the laws of the Province of Alberta. 1651558 Alberta Ltd. is a wholly owned subsidiary of Glenogle Energy Inc. and is the general partner of Glenogle Energy LP. Glenogle Energy LP is a Limited Partnership which holds the operating assets of Glenogle. Glenogle Energy Inc. holds the operating liabilities and is the only creditor of Glenogle Energy LP. While Glenogle LP is not a corporation and therefore cannot be an Applicant in these proceedings, it is integrally related to the Applicants' business and its participation will be required to restructure the business of Glenogle. As such, Glenogle

Energy LP is being made a party to these proceedings. Attached hereto and marked together as **Exhibit "1"** are true copies of Alberta corporate registry searches respecting the Glenogle entities.

5. Glenogle is in the business of oil and gas exploration and production. Glenogle operates 80 oil wells and 56 gas wells which are currently producing approximately 1,900 BOEs per day. Its operations are primarily based in the Province of Alberta in the Doe East, Doe West and Sinclair Doe Creek areas, with one well located in the Province of British Columbia.

6. Glenogle's head office is located at 1400, 444 5 Avenue SW, Calgary, Alberta. This office serves as the headquarters for its operations and provides general administrative, management, accounting and human resources functions for Glenogle. Glenogle has 8 employees and 11 contractors and subcontractors.

7. Glenogle's revenue is primarily generated from the sale of crude oil, natural gas and natural gas liquids, with a small proportion of revenue generated from facilities.

8. Glenogle's business, like other oil and gas businesses, has suffered due to the recent global collapse in commodity prices. More recently and beginning in the first quarter of 2020, global oil and natural gas markets and pricing have suffered precipitous declines as a result of the twin issues of extreme over supply and a historic and unprecedented drop in demand as a result of the global COVID-19 crisis. As a result, Glenogle's was unable to maintain a hedging program and between March and May 2020, temporarily shut-in its Doe East and Sinclair Doe Creek Production. This has resulted in drastic declines in revenues and Glenogle being unable to meet their obligations as they fall due.

9. On May 14, 2020, Glenogle filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with Ernst & Young Inc. named as proposal trustee (the "**Proposal Trustee**").

10. My previous affidavit sworn on June 11, 2020 in the NOI Proceedings (the "**NOI Affidavit No. 1**") provides the background regarding the NOI Proceedings, the Financial Advisor Agreement and Woodrush Account Trust Agreement as well as details surrounding the

charges previously granted by this honourable court. A true copy of the NOI Affidavit No. 1 (without the lengthy exhibits) is attached as **Exhibit "2"** to this Affidavit.

III. ASSETS AND LIABILITIES

11. A copy of Glenogle's audited financial statements for the year ending December 31, 2018 are attached as **Exhibit "3"** to this Affidavit, and a copy of the financial statements for the year ending December 31, 2019 and interim condensed consolidated financial statements for Q1 of 2020 are attached as **Exhibit "4"** to this Affidavit.

A. ASSETS

12. As at March 31, 2020, the date of Glenogle's most recent unaudited financial statements, Glenogle had total assets with a book value of approximately $130,797,327. This amount included accounts receivable in the amount of $1,026,824, property and equipment of $128,818,695 and right of use assets of $295,386.

13. Glenogle's oil and gas assets have many attractive features, including:

(a) a solid production base, with strong historical horizontal drilling results;

(b) a large number of undeveloped horizontal drilling locations, to support production growth and long-term production maintenance;

(c) key owned and operated strategic infrastructure, which can accommodate future growth plans and third party volumes; and

(d) a very strong abandonment and reclamation obligation ("**ARO**") profile; namely, only $13.5 million of discounted ARO as at March 31, 2020 and a current LMR of 3.38.

B. LIABILITIES

14. As at March 31, 2020, the date of Glenogle's most recent unaudited financial statements, Glenogle had total liabilities of approximately $72,604,188.

Credit Facilities

15. Prior to the commencement of the NOI Proceedings, Glenogle has a $52.0 million demand revolving credit facility (the "**Credit Facility**") with HSBC Bank Canada ("**HSBC**"), the obligations under which are secured by a general security agreement that provides a first charge on all present and after-acquired real property of Glenogle.

16. As at March 31, 2020, Glenogle owed HSBC approximately $50,951,411.

17. At March 31, 2020, Glenogle also had a capital lease facility for the purpose of financing production facilities with $1.1 million outstanding.

18. As discussed below in greater detail, following the commencement of the NOI Proceedings, Glenogle and HSBC entered into a new loan facility (the "**New Facility Letter**") that, among other things, provided a an interim loan to fund operations during the restructuring, in the amount of $2.3 million (the "**Interim Loan**"). The Interim Loan is secured by a super-priority interim lenders charge granted by this Court in the NOI Proceedings. Glenogle is asking this Court to continue and take up in these CCAA proceedings the Interim Lender's Charge that was approved by the Court in the NOI Proceedings.

PPSA Registrations

19. I am advised by my counsel, that as of August 24, 2020, there are 11 registrations against Glenogle under the *Personal Property Security Act (Alberta).* These primarily relate to HSBC security pursuant to the Credit Facility. Other registrations relate to: two 2% gross overriding royalties of lease substances produced from certain lands; a compressor provided by Bidell Gas Compression Ltd. and 8 propane tanks provided by Cangas Propane Inc. Attached hereto as **Exhibit "5"** is a true copy of the Alberta Personal Property Registry searches for Glenogle.

20. As of August 24, 2020, there is one registration against Glenogle under the *Personal Property Security Act (British Columbia)*. This relates to the HSBC security pursuant to the Credit Facility. Attached hereto as **Exhibit "6"** is a true copy of the B.C. Personal Property Registry searches for Glenogle.

C. Debt Reduction and Strategic Efforts to Date

Financial Advisor

21. Following the commencement of the NOI Proceedings on May 14, 2020, Glenogle sought and obtained two 45-day extensions of the stay of proceedings in order to continue to work in good faith towards a restructuring. To assist in this regard, pursuant to the Agreement dated June 3, 2020 and approved by the Court on June 12, 2020 (the "**Financial Advisor Agreement**"), Glenogle retained Stifel Nicolaus Canada Inc. (the "**Financial Advisor**").

22. The Financial Advisor has extensive experience marketing assets across Western Canada and in the areas in which Glenogle operates. Following numerous discussions among Glenogle, the Proposal Trustee and the Financial Advisor, it was resolved to defer the commencement of a sales process for Glenogle's business and assets, to allow for recovery and stabilization of the markets and industry, which have been severely impacted by the COVID-19 pandemic and sustained low and volatile commodity prices, and to allow management to conduct operations to improve the performance of the business and thus strengthen the valuations attributed thereto. This recommendation is supported by the Proposal Trustee and HSBC.

SISP

23. As a result, Glenogle, with the assistance of the Financial Advisor and the support of the Proposal Trustee and HSBC, intends to commence a sale and investment process ("**SISP**"), but only to do so at the appropriate time and with a structure that is deemed by all the interested parties to be appropriate. The exact timing and terms of the SISP have not yet been determined and finalized, but based on the recommendations of the Financial Advisor, I expect that the SISP will involve, among other things:

(a) a solicitation of sale proposals for all or parts of the assets, property and undertaking of Glenogle or of investment proposals for Glenogle's business;

(b) a two-phase process, under which non-binding letters of intent are submitted at phase one, after which qualified bidders continue to conduct additional due diligence in phase two and submit binding bids;

(c) the selection of the successful bid, after consulting with HSBC and subject to the approval of the Monitor.

24. Because it is not presently known when it will be most appropriate to commence the SISP, Glenogle is asking the Court to grant the authority to commence the SISP at a time and in a manner agreed by the independent Court-appointed Monitor.

The Woodrush FPA

25. As I explained in the NOI Affidavit No. 1, Glenogle is party to a December 20, 2019, Funding and Participation Agreement (the "**FPA**") with Woodrush Royalty Corporation ("**Woodrush**"). The FPA provides Glenogle the ability to develop its petroleum and natural gas resources, while reducing its own capital expenditures to do so. Pursuant to the FPA, if Woodrush elects to participate in a well, it pays some agreed proportion of the costs of Glenogle drilling a well. In return, Woodrush receives a gross overriding royalty in the well.

26. The first farmout well drilled under the FPA commenced full production in May 2020 and is currently providing material positive impacts on Glenogle's production and reserves valuation. Glenogle is proposing that the second farmout well under the FPA will be drilled in the final quarter of 2020, with three further such wells in 2021, the results of which will be to materially increase the value of Glenogle's assets.

27. As explained in the NOI Affidavit No. 1, Woodrush pays to Glenogle as trust funds an agreed portion of the costs of the drilling operations. Glenogle receives and remits those trust funds to the service providers who worked on the well operations. As a result, the trust funds never form part of Glenogle's estate and are not reported in Glenogle's cashflow statements.

IV. CCAA PROCEEDINGS

28. Glenogle has worked diligently during the NOI Proceedings, cooperated with the Proposal Trustee and consulted regularly with HSBC. Glenogle has worked to improve liquidity through increasing production and is taking steps to improve the marketability of its assets through carrying out essential repairs and well optimization work.

29. Glenogle requires the stability of the CCAA proceedings to carry out its SISP in a time and manner that will maximize value as part of its proposal. The limitations of the NOI proceedings, specifically the timelines for pursuing a proposal make it desirable to initiate CCAA Proceedings now to avoid a disruption to the SISP should it later become apparent that a proposal could not proceed within the timeframe provided in the NOI Proceedings. HSBC supports this application.

Glenogle is Insolvent for the Purposes of the CCAA

30. Glenogle is facing liquidity challenges and, based on its financial position, it is unable to service its ongoing debt obligations as they become due and continue to satisfy its working capital requirements. As at March 31, 2020, Glenogle had a working capital deficiency of $56.8 million, including the approximately $51 million drawn on its Credit Facility.

31. Glenogle has significant working capital requirements as part of the operation of its business and as set out in the Cash Flow Forecast (defined below), requires additional interim funding to be able to continue to fund such working capital requirements in the near term.

32. In light of its financial circumstances, and the current oil and natural gas market, Glenogle is not able to obtain additional financing that could be utilized to repay its outstanding obligations and/or to fund its working capital requirements in the near term.

33. Glenogle believes that there is no reasonable expectation that its financial condition will improve absent these restructuring proceedings. Glenogle is therefore insolvent and requires CCAA protection at this time.

34. Glenogle has thoroughly considered the circumstances and potential alternatives available, and with the assistance of its advisors, as well as the Proposal Trustee and HSBC, and has determined that it is in the best interests of Glenogle and its stakeholders for Glenogle to file for protection under the CCAA at this time. With the benefit of protection under the CCAA, Glenogle will continue to operate its business and advance its restructuring efforts to maximize value for its stakeholders.

V. RELIEF SOUGHT

A. Stay of Proceedings Under the CCAA

35. Glenogle is currently protected by a stay of proceedings under the NOI Proceedings. Glenogle needs a stay of proceedings to maintain the *status quo* and continue to protect and preserve the value of their business for the benefit of Glenogle and its stakeholders while it continues to restructure its affairs and pursues a value maximizing sales process.

36. I understand the HSBC is supportive of Glenogle obtaining a stay to March 31, 2021.

B. Appointment of Monitor

37. Glenogle seeks the appointment of Ernst & Young Inc. as the Monitor in the CCAA Proceedings. Ernst & Young Inc. is qualified and competent to act as Monitor under the CCAA and has consented to act as the Monitor of Glenogle in the within proceedings, subject to Court approval. A copy of the Consent to Act as Monitor provided by Ernst & Young Inc. is attached as hereto as **Exhibit "7"**.

38. Ernst & Young Inc. is currently the Proposal Trustee in the NOI Proceedings which has provided it with knowledge of Glenogle, its business, financial circumstances and strategic and restructuring efforts to date making it well positioned to continue to assist Glenogle with its restructuring efforts in the CCAA Proceedings.

C. Cash Flow Forecast

39. As set out in the cash flow forecast attached hereto as **Exhibit "8"** (the "**Cash Flow Forecast**"), Glenogle will require additional funding in the near term. Glenogle's principal use of cash during these proceedings will consist of the operating costs associated with the ongoing operation of its business, including, among others, employee compensation, trade payments, transportation costs, general administration expenses and other ordinary course of business obligations. In addition to these expenditures, Glenogle will also incur administrative expenses in connection with these CCAA Proceedings and capital expenditure associated with equipment repair.

D. Payments During the CCAA Proceedings

40. Glenogle intends to make payments for goods and services supplied to Glenogle post-filing and other post-filing expenses and obligations relating to its business as set out in its Cash Flow Forecast and as permitted by the proposed Initial Order. This would include payments for goods and services provided during the NOI Proceedings that have either not yet become payable or not yet been paid.

41. Glenogle is seeking authorization pursuant to the proposed Initial Order to pay all reasonable expenses incurred by Glenogle in carrying on its business in the ordinary course after the date of the Initial Order, and to pay certain expenses, whether incurred prior to, on or after the date of the Initial Order, in respect of:

(a) outstanding and future wages, salaries, compensation, employee benefits, director fees and expenses, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any consultants, agents, experts, accountants, counsel and financial advisors and such other persons retained or employed by Glenogle, at their standard rates and charges.

42. Glenogle requires the commitment and support of its employees and the continued supply of goods and services from its key vendors and service providers during the CCAA proceedings.

43. The ability for Glenogle to make the foregoing payments is necessary to maintain stability for the continued operation of Glenogle's business during the CCAA proceedings and to allow Glenogle to advance its restructuring efforts for the benefit of its stakeholders.

E. Administration Charge

44. It is contemplated that a Court-ordered charge over the assets, property and undertaking of Glenogle would be granted in favour of the Monitor, counsel to the Monitor and counsel to

Glenogle to secure the payment of their professional fees and disbursements (incurred at their standard rates and charges, subject to the terms set forth in their respective engagement letters, as applicable), whether incurred before or after the date of the Initial Order (the "**Administration Charge**"). The proposed Administration Charge is in an aggregate amount of \$500,000. All of the beneficiaries of the Administration Charge have contributed, and will continue to contribute, to Glenogle's restructuring efforts.

45. The amount of the proposed Administration Charge was reached in consultation with the proposed Monitor, and I believe is reasonable in the circumstances.

F. Interim Lender's Charge

46. As part of the NOI Proceedings, HSBC agreed to provide interim funding to Glenogle cover the liquidity shortfall by way of the New Facility Letter. The key components of the New Facility Letter are:

(a) in addition to the existing credit facilities, HSBC has granted to Glenogle the new senior secured, debtor-in-possession, interim, non-revolving Interim Loan in the amount of \$2.3 million. As demonstrated in the Cashflow Forecast, Glenogle requires a \$300,000 increase in the borrowing limit under the Interim Loan, to ensure that it has a sufficient working capital cushion to ensure that these restructuring proceedings continue without disruption;

(b) the Interim Loan was secured by a superpriority Interim Lender's Charge, approved by this Honourable Court in the NOI Proceedings;

(c) the interest rate for the funds previously advanced by HSBC remained unchanged at HSBC's prime rate plus 2.75% per annum, and that interest accrued but did not need to be paid during the NOI Proceedings;

(d) the interest rate for the funds advanced under the Interim Loan is HSBC's prime rate plus 4.75% per annum, and that interest was paid during these NOI Proceedings;

(e) Glenogle and the Proposal Trustee reports actual cashflow results to HSBC on a biweekly basis; and

(f) Glenogle agreed to become subject to certain additional covenants that are customary in interim financing situations.

47. As noted, this Court in the NOI Proceedings granted an interim financing charge up to a maximum of $2.3 million ("**Interim Lender's Charge**").

48. Glenogle seeks to have this charge continued and taken up in the CCAA Proceedings and further seeks to increase the maximum amount of the Interim Lender's Charge by $300,000 to address a potential cash flow shortfall during the requested stay period. This additional borrowing would only be advanced upon the consent of HSBC.

G. Directors' Charge

49. The directors and officers of Glenogle (the "**Directors and Officers**") have been actively involved in Glenogle's efforts to address its challenging circumstances, including through overseeing Glenogle's liquidity management efforts, Glenogle's review and exploration of strategic options and alternatives in connection with its liquidity and financial challenges, communications and negotiations with key stakeholders and working with the Proposal Trustee and advisors in pursuing restructuring efforts through the NOI Process.

50. It is contemplated that the Directors and Officers would be granted a Court-ordered charge on the assets, property and undertakings of Glenogle (the "**Directors' Charge**") up to the maximum amount of $100,000. The Applicants believe the Directors' Charge is fair and reasonable in the circumstances.

51. A successful restructuring of the Applicants will only be possible with the continued participation of the Applicants' directors and officers. These individuals have specialized expertise and relationships with Glenogle's stakeholders. In addition, the directors and officers have gained significant knowledge that cannot be easily replicated or replaced.

52. The amount of the Directors' Charge has been calculated based on the estimated exposure of the Directors and Officers and has been reviewed with the proposed Monitor. The

proposed Directors' Charge would apply only to the extent that the Directors and Officers do not have coverage under the D&O Insurance Policies or there is insufficient coverage.

H. KERP Charge

53. In connection with Glenogle' restructuring efforts, Glenogle considered and devised, in consultation with the Proposal Trustee, a Key Employee Retention Plan (the "**KERP**") for its key employees (the "**Key Employees**"). The Key Employees possess knowledge, experience and skills that are, in my opinion, important and required by Glenogle to be able to successfully complete any restructuring. The Key Employees have deep knowledge of Glenogle's assets and business, and have built and maintained strong relationships with Glenogle's suppliers and customers. If the Key Employees were to resign, it would be difficult for Glenogle to quickly or efficient find individuals who could perform their roles in a comparable way.

54. The KERP was designed to appropriately retain and incentivize the Key Employees during Glenogle's restructuring proceedings. The structure of the KERP is:

(a) the Key Employees will receive a retention payment in the aggregate amount of $278,829 as retention payments (the "**Retention Payments**");

(b) certain of the Key Employees will receive an incentive payment that is calculated, in the aggregate, as a percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle (the "**Incentive Payments**"). The percentage to be applied is 1%. As an example, if a restructuring transaction is consummated at a value of $40 million, the Key Employees entitled to receive Incentive Payments would be paid a total aggregate amount of $400,000;

(c) the Retention Payments will be made on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021;

(d) the Incentive Payments will be made on the earlier of the date that a restructuring transaction is completed; and

(e) the Retention Payments and Incentive Payments will only be made if, at the date of the relevant payment, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause.

55. Given the structure of the KERP, no payments have been made to date under the KERP, but the Key Employees have been continuing their work with the expectation of the benefits they will receive under the KERP. Glenogle is asking that the KERP Charge be continued and taken up in these CCAA proceedings.

VI. CONCLUSION

56. I swear this my Affidavit in support of an Application for the relief set out in paragraph 3 of this Affidavit and for no other or improper purpose.

57. I am not physically present before the Commissioner for Oaths to affirm this Affidavit, but am linked with the Commissioner for Oaths utilizing video technology. The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 is being followed. I undertake to send this signed affidavit with its exhibit electronically to the Commissioner for Oaths.

SWORN BEFORE ME at Calgary, Alberta, this 31st day of August 2020.	)	
Commissioner for Oaths in and for the Province of Alberta KENRYO MIZUTANI Kenryo Mizutani Student-at-Law	)	JAMIE BLAIR

THIS IS EXHIBIT "1" REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

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Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2020/08/24
Time of Search: 09:10 AM
Search provided by: BENNETT JONES LLP (CALGARY)
Service Request Number: 33921009
Customer Reference Number: 61640-13/KC/aar

Corporate Access Number: 2018687208
Business Number: 817233950
Legal Entity Name: GLENOGLE ENERGY INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2015/01/01 YYYY/MM/DD

Registered Office:
Street: 4500, 855 - 2ND STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P4K7

Email Address: CALCSDNOTIFICATIONS@BENNETTJONES.COM

Directors:

Last Name: BLAIR
First Name: JAMES
Middle Name: S.
Street/Box Number: 1400, 444 - 5TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

Last Name: DELL
First Name: NEIL
Street/Box Number: 1400, 444 - 5TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

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Last Name: GOLINOWSKI
First Name: CRAIG
Street/Box Number: 2370, 440 - 2ND AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P5E9

Last Name: WHITE
First Name: JASON
Street/Box Number: 2370, 440 - 2ND AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P5E9

Last Name: WILMER
First Name: FERGUS
Middle Name: W.
Street/Box Number: 1 - 3 PEDDER STREET, CENTRAL
City: HONG KONG
Country: CHINA

Voting Shareholders:

Last Name: BLAIR
First Name: JAMES
Middle Name: S.
Street: 1400, 444 - 5TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8
Percent Of Voting Shares: 1.814

Last Name: FJ HOLDINGS S.A.R.L.
Street: 208, VAL DES BONS MALADES
City: GRAND DUCHY OF LUXEMBOURG
Postal Code: L-2121
Country: LUXEMBOURG
Percent Of Voting Shares: 4.812

Last Name: GMP SECURITIES LP IFT JOG LIMITED PARTNERSHIP NO.VI ACCOUNT #610-VF20-A
Street: 145 KING STREET WEST , SUITE 300
City: TORONTO

Province:	ONTARIO
Postal Code:	M5H1J8
Percent Of Voting Shares:	28.864

Last Name:	GMP SECURITIES LP ITF JOG LIMITED PARTNERSHIP VI
Street:	145 KING STREET WEST, SUITE 300
City:	TORONTO
Province:	ONTARIO
Postal Code:	M5H1J8
Percent Of Voting Shares:	61.355

Last Name:	GREAT REALM LIMITED
Street:	C/P VAL DES BON MALADES
City:	LUXEMBOURG-KIRCHBERG
Postal Code:	L-2121
Country:	LUXEMBOURG
Percent Of Voting Shares:	1.775

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	THE ATTACHED SCHEDULE OF SHARE CAPITAL IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Share Transfers Restrictions:	THE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Min Number Of Directors:	1
Max Number Of Directors:	7
Business Restricted To:	NONE.
Business Restricted From:	NONE.
Other Provisions:	THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Holding Shares In:

Legal Entity Name
1651558 ALBERTA INC.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
GLENOGLE ENERGY LP	LP16525727

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2018006086	FJ RESOURCES LTD.
2015776103	GLENOGLE ENERGY INC.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/02/25

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2015/01/01	Amalgamate Alberta Corporation
2019/03/01	Change Director / Shareholder
2020/02/22	Update BN
2020/02/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
	ELECTRONIC	2015/01/01
	ELECTRONIC	2015/01/01
	ELECTRONIC	2015/01/01
Statutory Declaration	10000101000201455	2015/01/01

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

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REGISTRAR OF CORPORATIONS

SCHEDULE OF SHARE CAPITAL

The Corporation is authorized to issue:

(i) One class of shares, to be designated as "Class A Common Shares", in an unlimited number;

(ii) One class of shares, to be designated as "Class B Common Shares", in an unlimited number;

(iii) One class of shares, to be designated as "Class A Preferred Shares", in an unlimited number; and

(iv) One class of shares, to be designated as "Class B Preferred Shares", in an unlimited number;

such shares having attached thereto the following rights, privileges, restrictions and conditions:

A. Class A Common Shares

The Class A Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) the holders of the Class A Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and shall be entitled to one vote for each Class A Common Share held;

(b) the holders of the Class A Common Shares shall be entitled to receive dividends at such times and in such amounts as the directors of the Corporation may in their discretion from time to time declare; and

(c) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon dissolution.

B. Class B Common Shares

The Class B Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) the holders of the Class B Common Shares shall not be entitled (except as expressly provided in the Business Corporations Act (Alberta)) to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at such meeting;

(b) the holders of the Class B Common Shares shall be entitled to receive dividends at such times and in such amounts as the directors of the Corporation may in their discretion from time to time declare; and

(c) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon dissolution.

C. Class A Preferred Shares

The Class A Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) the holders of the Class A Preferred Shares shall be entitled to vote at any meeting of the shareholders of the Corporation on the basis of one vote for each one Class A Preferred Share held at the time of any such meeting;

(b) the holders of the Class A Preferred Shares shall be entitled to receive dividends at such times and in such amounts as the directors of the Corporation may in their discretion from time to time declare;

(c) in the event of a liquidation, dissolution or winding up of the Corporation or any other distribution by way of repayment of capital, the holders of the Class A Preferred Shares shall be entitled to receive an amount equal to the Class A Redemption Amount per share together with any declared but unpaid dividends prior to any payment or distribution to any other class of shares of the Corporation. The Class A Preferred Shares shall not be entitled to share any further in the distribution of the property or assets of the Corporation except to the extent hereinbefore provided;

(d) the Class A Preferred Shares, or any part thereof, shall be subject to redemption or purchase, at an amount equivalent to the Class A Redemption Amount per share plus any declared but unpaid dividends, at any time, at the option of the directors of the Corporation, without the consent of the holders thereof, and if less than the whole of the outstanding Class A Preferred Shares shall be so redeemed or purchased, the shares to be redeemed or purchased shall be selected in such manner as the Board of Directors may determine;

(e) upon the expiration of five (5) years from the date the Class A Preferred Shares are issued, the holders of the Class A Preferred Shares shall be entitled to require the Corporation to redeem or purchase at any time all or any of the Class A Preferred Shares registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its registered office the share certificate or certificates representing the Class A Preferred Shares which the registered holder desires to have the Corporation redeem or purchase, together with the request in writing specifying that the registered holder desires to have the said Class A Preferred Shares represented by such certificate or certificates redeemed or purchased by the Corporation, and stating the business day (hereinafter called the "Redemption Date") on which the holder desires to have the Corporation redeem or purchase such shares. Upon receipt of a share certificate or certificates representing the Class A Preferred Shares which the registered holder desires to have the Corporation redeem or purchase, together with such a request, the Corporation shall, on the Redemption Date, redeem or purchase such Class A Preferred Shares by paying to the registered holder an amount equivalent to the Class A Redemption Amount per share for each Class A Preferred Share being redeemed or purchased plus all declared but unpaid dividends thereon. Such payment by the Corporation shall be made by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada. The said Class A Preferred Shares shall be redeemed or purchased on the Redemption Date and from and after that date such shares shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of holders of Class A Preferred Shares in respect thereof unless payment of the Class A Redemption Amount plus any declared but unpaid dividends is not satisfied on the Redemption Date in which event the rights of the holders of the said Class A Preferred Shares shall remain unaffected; and

(f) the Class A Redemption Amount with respect to each Class A Preferred Share shall be an amount determined by a resolution of the Board of Directors provided that the Class A Redemption Amount shall be fixed by the Board of Directors prior to the issuance of any of the said Class A Preferred Shares, and provided further that the Class A Redemption Amount may be reduced by a resolution of the Board of Directors and with the consent of the holders of the Class A Preferred Shares at any prior to the redemption of the Class A Preferred Shares.

D. Dividends

The holders of the Class A Common Shares, Class B Common Shares and the Class A Preferred Shares need not rank equally nor be treated equally in the declaration or payment of dividends and the directors shall have full and absolute discretion to declare and pay dividends to the holders of one or more classes of shares to the exclusion of the other classes of shares and in different amounts to the holders of different classes of shares; provided that all dividends paid on any particular class of shares shall be paid in proportion to the number of shares of such class that are held by each shareholder. Notwithstanding the foregoing, no dividend shall be declared or paid on any class of shares of the Corporation if it would result in the realizable value of the assets of the Corporation, net of liabilities which exist at the relevant time, being less than the aggregate of the Class A Redemption Amounts of all of the issued and outstanding Class A Preferred Shares.

E. Class B Preferred Shares

The Class B Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Definitions and Interpretation

1.1 In these rights, privileges, restrictions and conditions attached to the Class B Preferred Shares, the following terms shall have the following meanings:

(a) "Act" means the Business Corporations Act (Alberta), as amended;

(b) "Board" or "Board of Directors" means the directors of the Corporation holding office at the time of the event in question;

(c) "Class A Preferred Shares" means the class A preferred shares in the capital of the Corporation and, in the event that there shall occur a change in respect of or affecting the Class A Preferred Shares, the term "Class A Preferred Shares" shall mean the shares, other securities or other property resulting from such change;

(d) "Class B Preferred Shares" means the class B preferred shares in the capital of the Corporation and, in the event that there shall occur a change in respect of or affecting the Class B Preferred Shares, the term "Class B Preferred Shares" shall mean the shares, other securities or other property resulting from such change;

(e) "Class B Redemption Amount" means $0.00001;

(f) "Common Shares" means the class A common shares in the capital of the Corporation and, in the event that there shall occur a change in respect of or affecting the Common Shares referred to in section 5.5 hereof, the term "Common Shares" shall mean the shares, other securities or other property resulting from such change;

(g) "Corporation's Conversion Notice" means a written notice given to holders of Class B Preferred Shares of the occurrence of all of the events described in section 5.4 hereof, and such notice shall be mailed by letter, postage prepaid, addressed to each such Class B Preferred Share holder at such holder's address as it appears on the records of the Corporation or in the event of the address of any such Class B Preferred Share holder not so appearing then to the last known address of such Class B Preferred Share holder; and

(h) "Sinclair Doe Creek Property" has the meaning set forth in the current report on the oil and gas reserves of the Corporation prepared by the Corporation's independent reserve evaluator.

1.2 Gender - Unless elsewhere herein otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Currency - All dollar amounts herein are expressed in lawful money of Canada.

2. Voting

2.1 The holders of the Class B Preferred Shares shall not be entitled (except as expressly provided in the Act) to receive notice of or to attend any meeting of the shareholders of the Corporation.

2.2 In any instance where the holders of Class B Preferred Shares are entitled to vote, each such holder shall have one vote for each Class B Preferred Share held by such holder.

3. Dividends

3.1 The holders of the Class B Preferred Shares shall be entitled to receive dividends at such times and in such amounts as the directors of the Corporation may in their discretion from time to time declare.

4. Liquidation, Dissolution or Winding Up

4.1 In the event of a liquidation, dissolution or winding up of the Corporation or any other distribution by way of repayment of capital, the holders of the Class B Preferred Shares shall, subject to and subordinate to the right of the holders of the Class A Preferred Shares to receive an amount equal to the Class A Redemption Amount per share together with any declared but unpaid dividends, be entitled to receive an amount equal to the Class B Redemption Amount for each Class B Preferred Share together with any declared but unpaid dividends prior to any payment or distribution to any other class of shares of the Corporation. The Class B Preferred Shares shall not be entitled to share any further in the distribution of the property or assets of the Corporation except to the extent hereinbefore provided.

5. Conversion

5.1 A holder of Class B Preferred Shares has the right, at the holder's option, exercisable at any time or times following receipt of the Corporation's Conversion Notice, at no cost to the holder, all or any portion of the Class B Preferred Shares held by such holder into Common Shares at the rate of one Common Share for each Class B Preferred Share converted. Notwithstanding the foregoing, in the event the Class A Preferred Shares are redeemed at a Class A Redemption Amount of less than $1.00 per share, the total number of Common Shares issuable upon the conversion of Class B Preferred Shares shall be determined by multiplying the total number of outstanding Class B Preferred Shares by a fraction, the numerator of which shall be the total amount paid to redeem the Class A Preferred Shares and the denominator of which shall be the total number of outstanding Class A Preferred Shares.

5.2 Time of Conversion of Class B Preferred Shares - Upon the receipt of the Corporation's Conversion Notice in respect of the occurrence of the events described in section 5.4 hereof, a holder of Class Preferred Shares may convert into Common Shares the Class B Preferred Shares held by such holder, by written notice to the Corporation given by the holder within sixty (60) days following receipt of the Corporation's Conversion Notice pursuant to that section.

5.3 No Fractional Common Shares - Under no circumstances including, without limitation, any circumstance contemplated by section 5.5 hereof, shall the Corporation be obligated to issue any fractional Common Shares upon the conversion of any Class B Preferred Shares or liable to make any payment of cash or convey any other consideration in lieu of any interest in or claim to any such fractional Common Shares. If the number of Common Shares to which a holder of Class B Preferred Shares would otherwise be entitled upon the conversion of Class B Preferred Shares is not a whole number then the number of Common Shares to be issued will be rounded down to the next whole number.

5.4 Conditions of Conversion of Class B Preferred Shares - If at any time prior to September 30, 2014:

(a) the Corporation sells the Sinclair Doe Creek Property;

(b) the Class A Preferred Shares are redeemed in accordance with their terms; and

(c) the Board of Directors consents to the conversion of the Class B Preferred Shares;

then, following the last of such events to occur, the Corporation shall give the Corporation's Conversion Notice to the holders of the Class B Preferred Shares.

5.5 Anti-Dilution - In case of any reclassification or change of the Common Shares or capital reorganization of the Corporation, or in the case of any amalgamation, consolidation or merger of the Corporation with or into any other corporation, trust, partnership or other entity or in the case of any sale of the properties and assets of the Corporation as, or substantially as, an entirety to any other corporation, trust, partnership or other entity each Class B Preferred Share shall, after such reclassification, change, amalgamation, consolidation, merger or sale, be convertible (but not unless and until convertible in accordance with the terms of this section 5) into the number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, trust, partnership or other entity, as the case may be, to which a holder of the number of Common Shares as would have been issued if such Class B Preferred Shares had been converted immediately prior to such reclassification, change, amalgamation, consolidation, merger or sale would have been entitled upon such reclassification, change, amalgamation, consolidation, merger or sale. Any such determination shall be conclusive and binding on the Corporation and the holders of the Class B Preferred Shares. No such reclassification, change, amalgamation, consolidation, merger or sale shall be carried into effect unless, in the opinion of the Board of Directors, all necessary steps shall have been taken to ensure that the holders of the Class B Preferred Shares shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, trust, partnership or entity, as the case may be, subject to adjustment thereafter in accordance with provisions similar, as nearly as may be, to those contained in this section 5.

6. Redemption

6.1 Redemption if Conditions of Conversion Not Met - If, on or prior to September 30, 2014, the conditions set forth in section 5.4 hereof have not been met, then on October 1, 2014 the Corporation shall redeem each Class B Preferred Share in an amount equivalent to the Class B Redemption Amount per Class B Preferred Share plus any declared but unpaid dividends.

6.2 Redemption Following Departure - The Corporation shall not redeem the Class B Preferred Shares, or any part thereof, prior to October 1, 2014, provided that if a holder of Class B Preferred Shares ceases to be a director of, or to be employed by or under a contract with, the Corporation or any of its subsidiaries, and such holder does not continue in at least one of such capacities (in each case, a "Departure"), then the Class B Preferred Shares held by such holder shall be subject to redemption or purchase, at an amount equivalent to the Class B Redemption Amount per Class B Preferred Share plus any declared but unpaid dividends, at any time following such Departure (the "Redemption Date"), at the option of the directors of the Corporation and without the consent of such holder, and the following shall apply:

(a) if the reason for the Departure is termination for cause, the Corporation shall have the right to redeem the Class B Preferred Shares on the earlier of the Redemption Date and the date that is 14 days after the date of Departure;

(b) if the reason for the Departure is not termination for cause, death or disability, the Corporation shall have the right to redeem the Class B Preferred Shares on the earlier of the Redemption Date and the date that is 60 days after the date of Departure; and

(c) If the reason for the Departure is the death or the disability of the holder of the Class B Preferred Shares, the Corporation shall have the right to redeem the Class B Preferred Shares on the earlier of the Redemption Date and the date that is six months after the date of Departure.

In each case, the date of Departure shall mean the last date on which the holder of Class B Preferred Shares was actively at work (without reference to the reasonable notice period, if any) or serving as a director of the Corporation or any of its subsidiaries, as the case may be.

SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS

The right to transfer shares of the Corporation is restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Corporation to any person who is not a shareholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

SCHEDULE OF OTHER PROVISIONS

1. The number of direct or indirect beneficial owners of securities of the Corporation will be limited to not more than 50, not including employees and former employees of the Corporation or any of its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the Corporation, in which case each beneficial owner or each beneficiary of the person, as the case may be, shall be counted as a separate beneficial owner. For purposes of this paragraph, the term "securities" does not include non-convertible debt securities of the Corporation.

2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.

3. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

4. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person who is not a securityholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

Government of Alberta ■ Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2020/08/24
Time of Search: 09:11 AM
Search provided by: BENNETT JONES LLP (CALGARY)
Service Request Number: 33921024
Customer Reference Number: 61640-13/KC/aar

Corporate Access Number: 2016515583
Business Number: 831116488
Legal Entity Name: 1651558 ALBERTA INC.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2012/01/11 YYYY/MM/DD

Registered Office:
Street: 4500, 855 - 2ND STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P4K7

Email Address: CALCSDNOTIFICATIONS@BENNETTJONES.COM

Directors:

Last Name: BLAIR
First Name: JAMES
Middle Name: S.
Street/Box Number: 1400, 444 - 5TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

Last Name: WHITE
First Name: JASON
Street/Box Number: 2370, 440 - 2ND AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P5E9

J

Voting Shareholders:

Legal Entity Name:	GLENOGLE ENERGY INC.
Corporate Access Number:	2018687208
Street:	1400, 444 - 5TH AVENUE S.W.
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2P2T8
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	ONE CLASS OF SHARES, TO BE DESIGNATED AS "COMMON SHARES", IN AN UNLIMITED NUMBER.
Share Transfers Restrictions:	THE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Min Number Of Directors:	1
Max Number Of Directors:	7
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
GLENOGLE ENERGY LP	LP16525727

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/02/25

Filing History:

ð

List Date (YYYY/MM/DD)	Type of Filing
2012/01/11	Incorporate Alberta Corporation
2019/03/01	Change Director / Shareholder
2020/02/20	Update BN
2020/02/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
	ELECTRONIC	2012/01/11
	ELECTRONIC	2012/01/11

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS

The right to transfer shares of the Corporation is restricted in that no shareholder shall be entitled to transfer any share or shares in the capital of the Corporation to any person who is not a shareholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

SCHEDULE OF OTHER PROVISIONS

1. The number of direct or indirect beneficial owners of securities of the Corporation will be limited to not more than 50, not including employees and former employees of the Corporation or any of its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the Corporation, in which case each beneficial owner or each beneficiary of the person, as the case may be, shall be counted as a separate beneficial owner. For purposes of this paragraph, the term "securities" does not include non convertible debt securities of the Corporation.

2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.

3. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

4. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person who is not a securityholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

Government of Alberta ■ Trade Name / Partnership Search
Corporate Registration System

Date of Search: 2020/08/24
Time of Search: 09:12 AM
Search provided by: BENNETT JONES LLP (CALGARY)
Service Request No: 33921034
Customer Reference No: 61640-13/KC/aar

Registration No: LP16525727
Current Business Name: GLENOGLE ENERGY LP

Name History:

Previous Name	Date of Name Change (YYYY/MM/DD)
FJ RESOURCES LP	2016/06/01

Status of Business Name: Active
Trade Name / Partnership Type: Limited Partnership
Date of Registration: 2012/01/16 YYYY/MM/DD
Home Jurisdiction: ALBERTA

Current General Partner:

Last/Legal Entity Name: 1651558 ALBERTA INC.
Street: 1400, 444 - 5TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

Last/Legal Entity Name: GLENOGLE ENERGY INC.
Street: 1400, 444 - 5TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

Other Information:

Filing History:

List Date	Type of Filing
2012/01/16	Register Limited Partnership
2016/06/01	Amend Limited Partnership

Attachments:

Attachment Type	Microfilm Barcode	Date Recorded (YYYY/MM/DD)
Certificate of Limited Partnership (AB)	10000800000040501	2012/01/16
Notice to Amend	10000699000009084	2016/06/01

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

THIS IS **EXHIBIT** "2" REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

REMOTE COMMISSIONING CERTIFICATE

CANADA

PROVINCE OF ALBERTA

I, CHRIS SIMARD, a Notary Public in and for Alberta, DO HEREBY CERTIFY that:

1 The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 (the "Process") has been followed for the attached affidavit; and

2 I am satisfied that the Process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and me to be physically present together.

DATED at Calgary, Alberta this 11th day of June, 2020.

Chris Simard
A Notary Public
in and for Alberta

D

WSLEGAL\061640\00013\24888189v1

Clerk's Stamp

COURT FILE NUMBER	25-2645392 25-2645393
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PROCEEDING	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GLENOGLE ENERGY INC. AND GLENOGLE ENERGY LP
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500 Bankers Hall East 855 – 2 Street SW Calgary, Alberta T2P 4K7 Attention: Chris Simard Telephone No.: 403-298-4485 Fax No.: 403-265-7219 Client File No.: 61640.13

AFFIDAVIT OF JAMIE BLAIR

Sworn (Affirmed) on June 11, 2020

I, Jamie Blair, of the City of Calgary, in the Province of Alberta, SWEAR/MAKE OATH AND SAY THAT:

BACKGROUND

1. I am the President and Chief Executive Officer of Glenogle Energy Inc. and Glenogle Energy LP (collectively "**Glenogle**") and as such I have personal knowledge of the

matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I verily believe same to be true.

2. Glenogle is incorporated and registered pursuant to the laws of the Province of Alberta. Glenogle has 8 employees and 11 contractors and subcontractors, and an office in Calgary, Alberta, which serves as the headquarters for its operations and provides general administrative, management, accounting and human resources functions for Glenogle.

3. Glenogle is in the business of oil and gas exploration and production. Glenogle operates 80 oil wells and 56 gas wells. Its operations are primarily based in the Province of Alberta, with one well located in the Province of British Columbia.

4. Glenogle's revenue is primarily generated from the sale of crude oil, natural gas and natural gas liquids, with a small proportion of revenue generated from facilities.

5. However, Glenogle's business, like other oil and gas businesses, has suffered due to the recent global collapse in commodity prices. As a result, Glenogle's revenues have drastically declined and it has become unable to meet its obligations as they fall due.

6. HSBC Bank Canada ("**HSBC**") is Glenogle's primary secured creditor, and Glenogle owed HSBC approximately $51.7 million as at June 4, 2020

7. On May 14, 2020, Glenogle filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with Ernst & Young Inc. named as proposal trustee (the "**Proposal Trustee**").

FINANCIAL ADVISOR AGREEMENT

8. To advance its restructuring, Glenogle requires the assistance of a financial advisor who has expertise in oil and gas assets and transactions. For that reason, Glenogle has negotiated an Agreement dated June 3, 2020 (the "**Financial Advisor Agreement**") with Stifel Nicolaus Canada Inc. (the "**Financial Advisor**"). Attached as **Exhibit "1"** to this Affidavit is a true copy of the Financial Advisor Agreement.

9. The Financial Advisor (previously known as GMP FirstEnergy) is a prominent investment banking advisory firm located in Calgary, which has specialized knowledge of and a long history in the Western Canadian energy sector. I believe that the Financial Advisor has the necessary expertise and experience to assist Glenogle.

10. Stifel FirstEnergy has extensive experience marketing assets across Western Canada and in the areas in which Glenogle operates. Stifel FirstEnergy has been engaged in such a role by Glenogle in the past and has engaged in discussions with Glenogle and third parties regarding Glenogle's development plans and activities on a regular ongoing basis.

11. Glenogle is asking this Honourable Court to authorize it to enter into and perform its obligations under, and to approve, the Financial Advisor Agreement. If the Financial Advisor Agreement is approved, Glenogle will begin working with the Financial Advisor immediately, to explore all possible viable restructuring alternatives for Glenogle. It is possible that after consultations with the Financial Advisor, Glenogle will make a subsequent application to have the Court approve a sales and investment solicitation process.

12. I believe that the terms of the Financial Advisor Agreement are reasonable, and in line with current market norms.

WOODRUSH ACCOUNT TRUST AGREEMENT

13. On December 20, 2019, Glenogle entered into a Funding and Participation Agreement (the "**FPA**") with Woodrush Royalty Corporation ("**Woodrush**"). The FPA provides Glenogle the ability to develop its petroleum and natural gas resources, while reducing its own capital expenditures to do so. Pursuant to the FPA, if Woodrush elects to participate in a well, it pays some agreed proportion of the costs of Glenogle drilling a well. In return, Woodrush receives a gross overriding royalty in the well.

14. Glenogle engages all the service providers who perform the work necessary to drill, complete and equip the well. Woodrush pays an agreed portion of the costs of those services. The way that these payments are facilitated is that:

(a) Glenogle engages the service providers, who perform the work and invoice Glenogle for their services;

(b) Woodrush pays to Glenogle its shares of the cost of those services and Glenogle can only use those funds only to pay for those services; and

(c) Glenogle deposits the funds received from Woodrush into an account held by Glenogle at HSBC for the exclusive purpose of facilitating this mechanism (the "**Trust Account**"). Glenogle does not deposit any other funds into the Trust Account, and does not use the Trust Account for any other purposes, other than receiving the funds from Woodrush, and paying the funds out to the service providers.

15. On May 22, 2020 Glenogle and Woodrush entered into an agreement that clarifies and confirms that all funds that are received from Woodrush and deposited by Glenogle into the Trust Account are trust funds held for the benefit of Woodrush (the "**Woodrush Trust Account Agreement**"). In my view, entering into the Woodrush Trust Account Agreement was necessary to provide Woodrush with sufficient comfort to continue to elect to participate in further wells under the FPA, and also to give Glenogle's service providers with certainty that they will be paid. Facilitating the continued operation of the FPA will provide ongoing benefits to Glenogle and its creditors. For that reason, I believe that approval of the Woodrush Trust Account Agreement is in the best interests of Glenogle's stakeholders. Attached as **Exhibit "2"** to this Affidavit is a true copy of the Woodrush Trust Agreement.

INTERIM FINANCING AND INTERIM LENDER'S CHARGE

16. Attached as **Exhibit "3"** to this Affidavit is a projected 13-week cashflow statement that Glenogle has prepared with the assistance of the Proposal Trustee (the "**Cashflow Projection**"). It is projected that during the period covered by the Cashflow Projection, Glenogle will require over $2 million (including outstanding letters of credit) of additional liquidity (the "**Liquidity Shortfall**"), over and above its current borrowing limits under its existing May 30, 2018 Facility Letter with HSBC.

17. HSBC has agreed to provide interim funding to Glenogle cover the Liquidity Shortfall. To facilitate this, Glenogle and HSBC have agreed to an Amended and Restated Facility Letter (the "**New Facility Letter**"). The key components of the New Facility Letter are:

(a) in addition to the existing credit facilities, HSBC will grant to Glenogle a new senior secured, debtor-in-possession, interim, non-revolving loan facility in the amount of $2.3 million (the "**Interim Loan**"). Glenogle anticipates requesting an increase in the borrowing limit under the Interim Loan at a subsequent court application, to ensure that it has a sufficient working capital cushion to ensure that these restructuring proceedings continue without disruption;

(b) the Interim Loan will be secured by a superpriority Interim Lender's Charge, to be approved by this Honourable Court;

(c) the interest rate for the funds previously advanced by HSBC shall remain unchanged at HSBC's prime rate plus 2.75% per annum, and that interest shall accrue but need not be paid during these NOI proceedings;

(d) the interest rate for the funds to be advanced under the Interim Loan shall be HSBC's prime rate plus 4.75% per annum, and that interest shall be paid during these NOI proceedings;

(e) Glenogle and the Proposal Trustee shall report actual cashflow results to HSBC on a biweekly basis; and

(f) Glenogle shall be subject to certain additional covenants that are customary in interim financing situations.

A true copy of the New Facility Letter is attached as **Exhibit "4"** to this Affidavit.

KEY EMPLOYEE RETENTION PLAN AND KERP CHARGE

18. In connection with Glenogle' restructuring efforts, Glenogle has considered and devised, in consultation with the Proposal Trustee, a Key Employee Retention Plan (the

"**KERP**") for its key employees (the "**Key Employees**"). The Key Employees possess knowledge, experience and skills that are, in my opinion, important and required by Glenogle to be able to successfully complete any restructuring. The Key Employees have deep knowledge of Glenogle's assets and business, and have built and maintained strong relationships with Glenogle's suppliers and customers. If the Key Employees were to resign, it would be difficult for Glenogle to quickly or efficient find individuals who could perform their roles in a comparable way.

19. The KERP is designed to appropriately retain and incentivize the Key Employees during Glenogle's restructuring proceedings. The structure of the KERP is:

(a) the Key Employees will receive a retention payment in the aggregate amount of \$278,829 as retention payments (the "**Retention Payments**");

(b) certain of the Key Employees will receive an incentive payment that is calculated, in the aggregate, as a percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle (the "**Incentive Payments**"). The percentage to be applied is 1%. As an example, if a restructuring transaction is consummated at a value of \$40 million, the Key Employees entitled to receive Incentive Payments would be paid a total aggregate amount of \$400,000;

(c) the Retention Payments will be made on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021;

(d) the Incentive Payments will be made on the earlier of the date that a restructuring transaction is completed; and

(e) the Retention Payments and Incentive Payments will only be made if, at the date of the relevant payment, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause.

20. I believe that the amount and structure of the payments under the KERP are reasonable.

21. **Confidential Exhibit "5"** to this Affidavit (the "**Confidential Exhibit**") contains the following information:

    (a) the names and job titles of the Key Employees;

    (b) the Key Employees' annual salary and bonus amounts;

    (c) for each Key Employee, the amount of bonus and salary increase that is currently outstanding and unpaid; and

    (d) the amount of Retention Payments and Incentive Payments that may become payable to each Key Employee.

22. I believe that the information in the Confidential Exhibit is private and confidential, and its disclosure would be detrimental to Glenogle and its ability to successfully restructure, as well as to the interests of the Key Employees. Accordingly, Glenogle is requesting that the Confidential Exhibit be sealed on the Court file.

23. Glenogle is seeking a court-ordered charge, to secure Glenogle's obligations under the KERP, for the benefit of the Key Employees (the "**KERP Charge**"). Glenogle proposes that the Interim Lender's Charge rank first, and the KERP Charge rank second.

STAY EXTENSION

24. Since the filing of the NOI, Glenogle and its management team have been working diligently and in good faith with the Proposal Trustee, and in consultation with HSBC, to work towards a restructuring and to be in a position to be able to formulate a proposal to its creditors, but Glenogle needs an extension of the Filing Period to complete the proposal.

25. As a result of the NOI, Glenogle must file a proposal on or before June 15, 2020 (the "**Filing Period**"), unless an extension is granted. Despite Glenogle's diligent and good faith efforts, no proposal is currently ready for submission to creditors.

26. Accordingly, Glenogle requires an extension of time for making the proposal and an extension of the stay of proceedings. An extension of the Filing Period by 45 days will allow Glenogle to continue to work with its stakeholders to develop a proposal.

27. In my view, an extension of the Filing Period is appropriate, because:

(a) Glenogle has acted and continues to act in good faith and with due diligence;

(b) Glenogle will likely be able to make a viable proposal if the extension of the Filing Period is granted; and

(c) the extension of the Filing Period will not materially prejudice any of Glenogle's creditors.

28. To date, I have not been made aware of any creditor of Glenogle intending to object to an extension of the stay of proceedings and the time for filing a proposal.

29. I make this Affidavit in support of Glenogle's Application to extend the stay of proceedings and the time for filing a proposal by an additional 45 days, and for certain other ancillary relief, and for no improper purpose.

30. I am not physically present before the Commissioner for Oaths to affirm this Affidavit, but am linked with the Commissioner for Oaths utilizing video technology. The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 is being followed. I undertake to send this signed affidavit with its exhibit electronically to the Commissioner for Oaths.

SWORN BEFORE ME at Calgary, Alberta, this 11 day of June 2020.	)	
	)	
Commissioner for Oaths in and for the Province of Alberta	)	JAMIE BLAIR

CHRIS SIMARD
Barrister and Solicitor

THIS IS **EXHIBIT "3"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

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Student-at-Law

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Glenogle Energy Inc.

Opinion

We have audited the consolidated financial statements of Glenogle Energy Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2018 and December 31, 2017
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

KPMG

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Calgary, Canada
April 18, 2019

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31, 2018		December 31, 2017
ASSETS				
Current				
Accounts receivable	$	2,589,298	$	2,149,776
Prepaid expenses and deposits		523,640		460,240
		3,112,938		2,610,016
Property and equipment (notes 5 and 6)		148,001,547		143,939,031
	$	151,114,485	$	146,549,047
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness (note 7)	$	50,814,012	$	42,048,436
Accounts payable and accrued liabilities		9,182,298		9,001,608
Capital lease obligation (note 8)		804,735		678,856
Commodity price contracts (note 13)		-		349,037
		60,801,045		52,077,937
Capital lease obligation (note 8)		1,335,815		1,755,448
Decommissioning obligations (note 9)		15,362,754		14,792,034
Shareholders' equity				
Share capital (note 10)		101,896,821		101,896,821
Contributed surplus		5,499,306		5,343,562
Deficit		(33,781,256)		(29,316,756)
		73,614,871		77,923,627
Commitments (note 8)				
Liquidity (note 13)				
Subsequent event (note 13)				
	$	151,114,485	$	146,549,047

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors

James S. Blair
Director

Jason White
Director

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	2018	2017
REVENUE		
Oil and gas (note 14)	$ 22,489,072	$ 19,011,550
Royalties	(3,384,435)	(2,485,708)
Realized gain (loss) on commodity price contracts (note 13)	(724,833)	310,274
Unrealized gain (loss) on commodity price contracts	349,037	(19,189)
	18,728,841	16,816,927
EXPENSES		
Operating	9,329,482	6,615,824
Transportation	1,751,728	1,638,477
General and administrative	2,080,085	2,652,316
Share-based compensation (note 10)	111,674	397,527
Depletion and depreciation (note 6)	6,531,036	3,066,345
Gain on disposal (note 5)	-	(1,966,000)
	19,804,005	12,404,489
Operating income (loss)	(1,075,164)	4,412,438
Finance expense (note 15)	3,389,335	2,328,019
Net income (loss) and comprehensive income (loss)	(4,464,499)	2,084,419
Deficit, beginning of year	(29,316,756)	(31,401,175)
Deficit, end of year	$ (33,781,256)	$ (29,316,756)

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance - December 31, 2016	$ 101,897,658	$ 4,766,780	$ (31,401,175)	$ 75,263,263
Net income for the year	-	-	2,084,419	2,084,419
Common shares (note 10)	(837)	-	-	(837)
Share-based compensation	-	576,782	-	576,782
Balance - December 31, 2017	$ 101,896,821	$ 5,343,562	$ (29,316,756)	$ 77,923,627
Net loss for the year			(4,464,499)	(4,464,499)
Share-based compensation		155,744	-	155,744
Balance - December 31, 2018	$ 101,896,821	$ 5,499,306	$ (33,781,256)	$ 73,614,871

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2018	2017
OPERATING ACTIVITIES		
Net income (loss)	$ (4,464,499)	$ 2,084,419
Items not requiring cash:		
Depletion, depreciation and impairment (note 6)	6,531,036	3,066,345
Gain on disposal	-	(1,966,000)
Unrealized loss (gain) on commodity price contracts	(349,037)	19,189
Share-based compensation	111,674	397,527
Accretion expense	340,386	323,699
Decommissioning expenditures (note 9)	(26,036)	(20,326)
Changes in non-cash working capital (note 16)	(277,168)	1,450,812
	1,866,355	5,355,665
FINANCING ACTIVITIES		
Issue of Class A common shares	-	(837)
Increase (decrease) in capital lease obligations	(293,754)	1,634,470
Increase in bank indebtedness	8,765,575	12,725,102
	8,471,821	14,358,735
INVESTING ACTIVITIES		
Acquisition of property and equipment (note 5)	-	(1,546,738)
Disposition of property and equipment (note 5)	-	3,475,183
Property and equipment expenditures	(10,293,112)	(23,549,715)
Changes in non-cash working capital (note 16)	(45,064)	1,906,870
	(10,338,176)	(19,714,400)
Change in cash during the year	-	-
Cash, beginning of the year	-	-
Cash, end of the year	$ -	$ -

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
As at and for the years ended December 31, 2018 and 2017

1. REPORTING ENTITY

Glenogle Energy Inc. (the "Corporation") is an oil and gas acquisition, development and production company based in Calgary, Alberta. The Corporation's head office is located at 1400, 444 – 5 Avenue SW, Calgary, Alberta and its operations are conducted in the Province of Alberta.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These accounting policies have been applied consistently for all periods presented in these consolidated financial statements, except as described in note 4.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 18, 2019.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for any derivative financial instruments that have been measured at fair value with the changes in fair value recorded in net earnings.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are critical estimates and judgments that management has made in the process of applying accounting policies that have the most significant effect on the consolidated financial statements:

Cash Generating Units

The Corporation's assets are aggregated into cash-generating unit(s) ("CGU") for the purpose of assessing impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of the CGU(s) was based on management's judgment in regard to shared infrastructure, geographical proximity, commodity type and similar exposure to market risks and materiality. By their nature, these assumptions are subject to management's judgment and may impact the carrying value of the Corporation's net assets in future periods.

Impairment

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in the consolidated financial statements:

Reserves

The estimation of recoverable quantities of proven and probable reserves includes estimates and assumptions regarding future commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. Changes in reported reserves can affect the impairment of assets, decommissioning obligations, the economic feasibility of exploration and evaluation assets and the amounts reported for depletion, depreciation and amortization. These reserve estimates are evaluated by third-party professional engineers at least annually, who work with information provided by the Corporation to establish reserve determinations in accordance with National Instrument (NI) 51-101, "Standards of Disclosure for Oil and Gas Activities". Accordingly, the impact to the consolidated financial statements in future years could be material.

Liquidity

As part of its capital management process, the Corporation prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Corporation. Budgets and forecasts are subject to significant judgment and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Corporation. See further discussions regarding liquidity in note 13.

Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed, which includes assessing the value of oil and natural gas properties based on the estimation of recoverable quantities of proved plus probable reserves being acquired.

Decommissioning obligations

Decommissioning and restoration costs are recognized for the future decommissioning and restoration of the Corporation's oil and natural gas wells and their associated production facilities and pipelines. These obligations are based on estimated costs, which take into account the anticipated method and extent of restoration and technological advances. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented.

Share based compensation

The estimated fair values of stock options and warrants using pricing models such as the Black-Scholes model is based on significant assumptions such as volatility, forfeiture rates and the expected term.

Derivative Financial Instruments

The Corporation records risk management contracts at fair value with changes in fair value recognized in the statements of comprehensive income and loss. The Corporation's estimate of the fair value is determined using observable market data and external counterparty information, included estimated forward prices and volatility in those prices.

Deferred income taxes

Tax interpretations, regulations and legislation in the jurisdictions in which the Corporation operates are subject to change. The deferred tax asset or liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Corporation, except as described in note 4.

Joint Operations

A portion of the Corporation's development and production activities are conducted jointly with others and, accordingly, the Corporation only reflects its proportionate interest of the assets, liabilities, revenues, expenses and cash flows. The Corporation does not have any joint arrangements that are structured through a separate vehicle.

Development and Production Assets

Items of property and equipment which include oil and gas development and production assets and corporate assets are measured at cost less accumulated depletion, depreciation, amortization and impairment. Development and production assets are accumulated on an area-by-area basis and represent the cost of developing the commercial reserves discovered and bringing them into production.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Such capitalized oil and natural gas asset generally represents costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in earnings as incurred.

Depletion and Depreciation

The costs of development and production assets are depleted using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are estimated by taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers annually.

Other property, plant and equipment are stated at cost less accumulated depletion, depreciation, amortization and any impairment in value. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) and depreciated over their useful lives. Costs associated with routine turnarounds and overhauls are depreciated over four years. The Corporation records office equipment at cost and provides depreciation on a declining balance basis. The assets' useful lives and residual values are assessed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Impairment

An impairment test is performed when events and circumstances arise, at each reporting date that indicate that the carrying value of a development and production asset may exceed its recoverable amount. The carrying value is compared against the expected recoverable amount of the asset, defined as the greater of fair value less costs to sell and its value in use. Fair value less costs to sell is determined as the amount that would be obtained for the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Fair value less costs to sell may be determined by using discounted future net cash flows of proved and probable reserves using forecast prices and costs and its eventual disposal, using assumptions that an independent market participant may take into account. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset. If any indications of impairment exist, the Corporation performs an impairment test related to the assets. Individual assets or areas are grouped for impairment assessment purposes into CGU's, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets.

Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. The impairment loss is recorded within depletion, depreciation and impairment expense in net earnings. Impairments are reversed when events or circumstances give rise to changes in the estimate of the recoverable amount since the period the impairment was recorded. An impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, if no impairment loss had been recognized. Such a reversal is recognized in earnings.

Decommissioning Obligations

The Corporation recognizes a liability in the period in which it has a present and legal or constructive liability and a reasonable estimate of the amount can be made. On a periodic basis, the Corporation reviews these estimates and changes, if any, are applied prospectively. An obligation is recognized for the estimated cost of abandonment and site restoration, by discounting expected future cash flows required to settle the obligation using a risk free rate, with a corresponding amount capitalized as asset retirement costs in property and equipment. These asset retirement costs are subsequently depleted on a unit-of-production basis over the life of the proved and probable reserves. The obligation is adjusted each reporting period to reflect the passage of time and changes to the estimated future cash flows underlying the obligation. The increase in the obligation due to the passage of time is recognized as accretion expense and changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent the provision had been established.

Revenue Recognition

Revenue from the sale of oil and natural gas is measured based on the consideration specified in contracts with customers. The Corporation recognizes revenue when It transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods.

The Corporation evaluates its arrangements with third parties and partners to determine if it acts as the principal or as an agent. In making this evaluation, management considers if the Corporation obtains control of the product delivered, which is indicated by the Corporation having the ability to establish prices or having inventory risk. If the Corporation acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Corporation from the transaction.

Income Taxes

Income tax expense represents the sum of the tax currently payable and the deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are netted in certain circumstances.

Deferred income tax expense is recognized in earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Share-based Compensation

The Corporation has a share-based compensation plan. Under the Corporation's stock option and performance warrants plan, options and warrants to purchase common shares are granted to officers and employees at prices determined by the Board of Directors.

The Corporation uses the fair value method for valuing stock option and performance warrant grants using the Black-Scholes model. Under this method, the compensation cost attributable to all stock options and performance warrants granted is measured at fair value at the grant date and expensed over the vesting period to share-based compensation expense with a corresponding increase to contributed surplus. Upon the exercise of stock options or performance warrants, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. A forfeiture rate is estimated on the grant date and is subsequently adjusted each period to reflect the actual number of options that are expected to vest. In the event that vested options expire without being exercised, previously recognized compensation expense associated with such stock options will not be reversed.

Derivative Financial Instruments

The Corporation has entered into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Corporation has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Corporation considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded on the statement of financial position at fair value. Transaction costs are recognized in earnings when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in earnings.

Financial Instruments

Amortized Cost

Cash and cash equivalents, if any, accounts receivable, accounts payable and accrued liabilities, and bank debt are measured at amortized cost. These classifications are initially measured at fair value and subsequent revaluations are recorded at amortized cost using the effective interest method.

Fair Value through Profit or Loss ("FVTPL")

The Corporation may enter into risk management contracts in order to manage its exposure to market risks from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. All risk management contracts are initially measured at fair value through profit or loss and are subsequently measured at fair value with changes in fair value recorded in net income (loss). The fair values of these derivative instruments are based on an estimate of the amounts that would be paid or received to settle these instruments at the balance sheet date.

Impairment of Financial Assets

Impairment of financial assets is determined by measuring the assets' expected credit loss. Accounts receivable are due within one year and are not considered to have a significant financing component and a lifetime expected credit loss is measured at the date the accounts receivable are initially recognized.

Business Combinations

Business combinations are accounted for using the acquisition method. The identifiable net assets acquired are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the fair value of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in earnings. Transaction costs associated with the acquisition are expensed when incurred.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018, the Corporation adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of January 1, 2018. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring enhanced disclosures about revenue. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser.

Management reviewed its revenue streams and major contracts with customers and concluded that there were no material changes to its net income or in the timing of when revenue is recognized. As a result, no adjustments were required in the January 1, 2018 opening statement of financial position. The additional disclosures required by IFRS 15 are provided in note 14 to the consolidated financial statements.

IFRS 9: Financial Instruments
The Corporation retrospectively adopted IFRS 9, "Financial Instruments" on January 1, 2018. There were no adjustments to opening retained earnings and no adjustments to the amounts recognized in the Corporation's consolidated financial statements for the year ended December 31, 2017. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit of loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets: IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Future accounting changes
In January 2016, the IASB issued IFRS 16 "Leases" which replaces IAS 17 "Leases". For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019. The Corporation is currently evaluating the impact the standard will have on the consolidated financial statements, as well as the impact that adoption of the standard will have on disclosures.

5. PROPERTY ACQUISITIONS AND DIVESTITURES

On September 28, 2017, the Corporation completed an acquisition of oil and gas assets in the Doe area of Alberta for cash consideration of $1.5 million. The property acquisition was accounted for using the acquisition method and the fair values of the identifiable assets and liabilities acquired were ascribed as follows:

	($000)
Cash consideration	1,547
Allocated at estimated fair values	
Property and equipment	3,619
Decommissioning obligation	(2,072)
	1,547

Had the acquisition been completed on January 1, 2017, the Corporation estimates that its pro forma revenue would be higher by approximately $0.4 million with no significant effect on net earnings for the period. For the year ended December 31, 2017, the acquired assets contributed a loss of $0.1 million to net operating income.

On February 28, 2017, the Corporation completed a divestiture of oil and gas assets in the Boundary Lake area in Alberta and British Columbia for cash consideration of $3.3 million and resulted in a $1.7 million gain. On disposition, the Corporation recorded a decrease in decommissioning obligation totaling $3.7 million (note 9).

On January 10, 2017, the Corporation entered into an asset exchange agreement in respect to natural gas properties in Sinclair, Alberta with a joint interest partner. The Corporation also received $200 thousand in cash consideration and resulted in a $226 thousand gain. The Corporation recorded a decrease in decommissioning obligation totaling $105 thousand (note 9).

6. PROPERTY AND EQUIPMENT

Cost		Petroleum & natural gas properties		Office equipment		Total
Balance at December 31, 2016	$	201,531,762	$	91,392	$	201,623,155
Additions		23,721,327		7,526		23,728,853
Acquisitions (note 5)		1,546,738		-		1,546,738
Dispositions (note 5)		(8,796,318)		-		(8,796,318)
Decommissioning obligations		1,349,105		-		1,349,105
Balance at December 31, 2017		219,352,614		98,918		219,451,532
Additions		10,326,892		10,290		10,337,182
Decommissioning obligations		256,370		-		256,370
Balance at December 31, 2018	$	229,935,876	$	109,208	$	230,045,084

Accumulated depletion and depreciation		Petroleum & natural gas properties		Office equipment		Total
Balance at December 31, 2016	$	75,875,232	$	58,686	$	75,933,918
Depletion and depreciation		6,534,494		13,742		6,548,236
Impairment reversal		(3,481,891)		-		(3,481,891)
Dispositions (note 5)		(3,487,763)		-		(3,487,763)
Balance at December 31, 2017		75,440,072		72,428		75,512,501
Depletion and depreciation		6,522,257		8,779		6,531,036
Balance at December 31, 2018	$	81,962,329	$	81,207	$	82,043,537

Net book value		Petroleum & natural gas properties		Office equipment		Total
December 31, 2017	$	143,912,541	$	26,490	$	143,939,031
December 31, 2018	$	147,973,547	$	28,000	$	148,001,547

Petroleum and natural gas properties include capitalized general and administrative costs of $824,927 (December 31, 2017 - $1,034,126) and share-based compensation costs of $44,070 (December 31, 2017 - $179,254) for the year ended December 31, 2018.

Future development costs of $70.5 million associated with proved plus probable undeveloped reserves were included in the December 31, 2018 (December 31, 2017 - $63.6 million) depletion calculation. Salvage value of $14.3 million for property and equipment was excluded in the December 31, 2018 (December 31, 2017 - $10.7 million) depletion calculation.

At April 1, 2017, the previous two conventional light oil CGUs were combined into a single CGU based on similarities in geographic proximity, commodity type, infrastructure and exposure to market risks. At December 31, 2017, the combined CGU showed indicators of impairment recovery primarily as a result of successful development and an associated increase in the CGU's recoverable amount. As a result, an impairment recovery of $3.5 million was recorded and was included as a reduction in depletion and depreciation expense.

As at December 31, 2018, there were no indicators of impairment or reversal of impairment identified. Accordingly, an impairment test was not required.

7. BANK INDEBTEDNESS

At December 31, 2018, the Corporation had a demand revolving credit facility of $52.0 million (December 31, 2017 - $45.0 million). Advances under the credit facility bear interest at the bank's prime rate plus 2.75%. Collateral for the facility consists of a general security agreement, providing a first priority security interest over all present and after acquired personal property and a floating charge on all present and after acquired real property of the Corporation. At December 31, 2018, $50.8 million (December 31, 2017 - $42.0 million) was drawn against the demand revolving credit facility. Four letters of credit of approximately $0.7 million as at December 31, 2018 (December 31, 2017 - $0.8 million) have also been issued against the facility.

The amount of the credit facility is subject to a borrowing base redetermination performed on a periodic basis by the lender which is based on the lender's view of the Corporation's reserves and forward commodity prices. As the available lending limits are based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of available credit that will be determined at each scheduled review. In the event the lender demands repayment of all amounts advanced under the credit facility, other than as a result of a default under the credit facility, the Corporation shall repay $1.0 million within 90 days of such demand notice, $1.0 million within 180 days of such demand notice, $1.0 million within 270 days of such demand notice, and the balance within 365 days of such demand notice. The next review of the credit facility is scheduled to commence in May 2019.

At December 31, 2018, the Corporation had a capital lease facility for the purpose of financing production facilities with $2.1 million outstanding (December 31, 2017 - $2.4 million). See note 8(b).

Date of Lease		Amount	Remaining Term	Interest Rate	Security
January 2016	$	301,776	13 months	3.820%	Registered lien
April 2017		1,048,451	27 months	6.070%	Registered lien
August 2017		405,221	31 months	6.920%	Registered lien
September 2018		385,102	44 months	5.300%	Registered lien
	$	2,140,550			

8. COMMITMENTS

a) At December 31, 2018, the Corporation is committed to future payments under an operating lease that covers office space for the Corporation to August 31, 2019. Estimated remaining payments under the office lease are as follows:

Year		Amount
2019	$	137,900

b) The Corporation has entered into four capital lease arrangements for certain equipment and at December 31, 2018 is committed to annual lease payments as follows:

Year		Principal		Interest		Total Amount
2019	$	804,736	$	103,446	$	908,182
2020		718,917		58,490		777,407
2021		508,016		17,572		525,588
2022		108,882		2,992		111,874
	$	2,140,550	$	182,500	$	2,323,050

The Corporation has the option at the end of the capital leases to purchase the equipment for a total of $355,018 or to enter into new leases. A general security agreement and a first charge against the leased assets have been entered into as security.

c) At December 31, 2018, the Corporation is committed to process natural gas through third-party owned gas processing facilities in Alberta with annual payments as follows:

Year		Amount
2019	$	1,300,838
2020		905,237
	$	2,206,075

d) At December 31, 2018, the Corporation is committed to transport crude oil through third-party owned pipeline systems in Alberta with annual payments as follows:

Year		Amount
2019	$	293,679
2020		92,529
	$	386,208

e) At December 31, 2018, the Corporation is committed to transport natural gas through third-party owned pipeline systems in Alberta down to Chicago with annual payments as follows:

Year		Amount
2019	$	3,323,450

9. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations results from its responsibility to abandon and reclaim its net share of all working interest properties. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately $35.6 million (December 31, 2017 - $36.3 million). These expenditures are expected to be made over the next 49 years with the majority of the costs being incurred between 2057 and 2068. The Corporation used a risk-free rate of 2.18 percent (December 31, 2017 – 2.26 percent) and an inflation rate of 2 percent (December 31, 2017 – 2 percent) to calculate the present value of the decommissioning obligations.

		2018		2017
Balance, beginning of year	$	14,792,034	$	16,939,046
Obligations acquired / (disposed) (note 5)		73,750		(1,770,162)
Change in discount rate		436,661		130,752
Change in estimates		(254,041)		(810,975)
Accretion expense		340,386		323,699
Liabilities settled		(26,036)		(20,326)
Balance, end of year	$	15,362,754	$	14,792,034

10. SHARE CAPITAL

a) **Authorized:** Unlimited number of Class A voting common shares with no par value
Unlimited number of Class A voting preferred shares with a par value of $1.00 per share
Unlimited number of Class B non-voting common shares with no par value

b) **Class A Voting Common Shares issued and outstanding:**

	Number of Shares		Amount
Balance, December 31, 2016	111,352,249	$	101,897,658
Acquisition of common shares	(150,000)		(108,837)
Issued for cash	150,000		108,000
Balance, December 31, 2017 and December 31, 2018	111,352,249	$	101,896,821

In April 2017, the Corporation acquired 150,000 outstanding Class A common shares from a former employee. In June 2017, the Corporation issued 150,000 Class A common shares to management and staff for cash.

c) **Share-based Compensation**

The Corporation has established a stock option plan and a performance warrants plan whereby directors, officers, employees and consultants may be granted options and warrants to purchase common shares. Stock options and performance warrants granted under the stock option plan and performance warrants plan have a term of five years to expiry. All of the options and warrants granted vest equally over a three year period commencing on the first anniversary date of the grant. Each stock option and performance warrant granted permits the holder to purchase one common share of the Corporation at the stated exercise price. The total stock options outstanding cannot exceed 10% of the issued and outstanding common shares on a non-diluted basis.

The following table summarizes information about the stock options:

		Options outstanding		Options exercisable	
	Weighted Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2016	0.85	10,825,000	3.23	4,885,000	1.00
Granted	0.72	150,000	4.28	-	-
Forfeited	0.55 - 1.00	(552,000)	2.31	(250,000)	1.00
Vested				3,424,333	0.86
Balance, December 31, 2017	0.85	10,423,000	2.26	8,059,333	0.94
Vested				1,169,334	1.00
Balance, December 31, 2018	0.85	10,423,000	1.23	9,228,667	0.89

The following table summarizes the information about the performance warrants:

		Performance warrants outstanding		Performance warrants exercisable	
	Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2016		14,730,000	2.49	9,770,000	2.00
Forfeited	1.50 - 2.50	(750,000)	1.65	(500,000)	-
Vested		-	-	4,660,000	2.00
Balance, December 31, 2017		13,980,000	1.48	13,930,000	2.00
Vested		-	-	50,000	2.00
Balance, December 31, 2018		13,980,000	0.48	13,980,000	2.00

The fair value of the stock options ($0.19/option - $0.35/option) and performance warrants ($0.15/warrant - $0.20/warrant) was determined at the date of grant using the Black-Scholes option pricing model. Assumptions include weighted risk-free interest rates of 1.84% - 2.81%, a volatility factor of 35% and a forfeiture rate of 5%. Upon the exercise of a stock option or performance warrant, the associated value will be recorded as an increase to share capital. Share-based compensation expense of $155,744 has been recognized, of which $44,070 was capitalized at December 31, 2018 (December 31, 2017 - $576,781, with $179,254 capitalized).

11. INCOME TAXES

Deferred Income Tax

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to income (loss) before income taxes. The reasons for the differences are as follows:

Rate Reconciliation		2018		2017
Income (loss) before taxes	$	(4,464,499)	$	2,084,419
Expected tax rate		27.0%		27.0%
Expected income tax expense (reduction)		(1,205,415)		562,793
Non-deductible/(taxable) items		33,066		109,886
Rate adjustments and other		(1,029)		(2,215)
Change in unrecognized deferred tax assets		1,173,378		(670,465)
	$	-	$	-

The components of the Corporation's deferred income tax asset (liability) are as follows:

		2018		2017
Property and equipment	$	(16,603,611)	$	(13,170,122)
Commodity price contracts		-		94,240
Decommissioning obligations		4,147,944		3,993,849
Non-capital losses		12,455,667		9,082,033
	$	-	$	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefit.

		2018		2017
Non-capital losses	$	58,769,825	$	54,097,454
Capital leases		2,140,551		2,434,304
Other tax assets		25,550		58,325
	$	60,935,926	$	56,590,083

The Corporation has non-capital losses of $104,901,925 which expire between 2024 and 2038.

The Corporation believes that the provision for income taxes is adequate and in accordance with applicable legislation and regulations; however, tax filing positions are subject to review by taxation authorities who may challenge the Corporation's interpretation of the applicable legislation and regulations.

12. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Corporation's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute on strategic opportunities throughout the business cycle.

The Corporation's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Corporation considers its capital structure to include share capital, bank indebtedness and working capital deficiency. In order to maintain or adjust its capital structure, the Corporation may issue new shares, raise debt and adjust its capital spending to manage current and projected debt levels.

In order to maintain a flexible capital structure and focus capital in its core operations areas, the Corporation completed a non-core property disposition for proceeds of $3.3 million (note 5) in 2017.

In order to facilitate the management of the capital expenditures and net debt, the Corporation prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Corporation's current borrowing capacity is based on the lenders' annual review of the Corporation's oil and natural gas reserves. The Corporation is subject to various non-financial covenants under its credit facility.

The Corporation's share capital is not subject to external restrictions. The Corporation has not paid or declared any dividends and does not contemplate doing so in the foreseeable future. There were no changes to the Corporation's approach to capital management during the year.

13. FINANCIAL RISK MANAGEMENT

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consists of accounts receivable, bank indebtedness, accounts payable and accrued liabilities, capital lease obligations and commodity price contracts. At December 31, 2018, the carrying amounts reported on the statement of financial position approximate their estimated fair values due to the short-term nature of those instruments or the indexed rate of interest on the bank indebtedness.

The Corporation classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Corporation's commodity price contracts are classified as Level 2. The Corporation uses third party models and valuation methodologies to determine the fair value of financial derivative contracts. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty fails to meet its contractual obligations. The Corporation's accounts receivable are with joint interest partners and petroleum and natural gas marketers in the oil and gas industry and are subject to normal industry credit risks. The carrying amount of accounts receivable represents the Corporation's maximum credit exposure. As at December 31, 2018, the Corporation's receivables balance was $2.6 million (December 31, 2017 - $2.1 million) and consisted of $0.3 million (December 31, 2017 - $0.3 million) from joint interest partners, $2.0 million (December 31, 2017 - $1.2 million) of receivables from petroleum and natural gas marketers, and $0.3 million (December 31, 2017 - $0.6 million) of miscellaneous trade receivables and GST receivables.

The Corporation considers all amounts greater than 90 days past due. At December 31, 2018, the Corporation has no material receivables outstanding greater than 90 days that are not considered to be collectible. When determining whether past due accounts are uncollectible, the Corporation factors in the past payment history of the counterparties, as well as the nature of the past due amount.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages its liquidity through continuously monitoring cash flows from operating activities, review of the actual capital expenditure program, maintaining a revolving credit facility with sufficient capacity, and may consider acquisition and disposition opportunities. The volatility in commodity prices, including oil differentials, foreign exchange rates and transportation issues, may adversely affect the Corporation's operating results and financial position and the impact could be significant.

As at December 31, 2018, the Corporation has a working capital deficiency of $57.7 million (December 31, 2017 – $49.5 million), including $50.8 million drawn on its $52.0 million demand revolving loan (note 7).

The timing of cash outflows relating to financial liabilities as at December 31, 2018 is as follows:

	2019	2020	2021	2022
Accounts payable and accrued liabilities	$ 9,182,298	$ -	$ -	$ -
Capital lease liability	804,736	718,917	508,016	108,882

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in commodity price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the Corporation's return. The Corporation may use both commodity price contracts and physical delivery sales contracts to manage market risks. All such transactions would be conducted within risk management tolerances that are reviewed by the Board of Directors.

- **Commodity Price Risk**

  Commodity price risk is the risk that the fair value of future cash flows will fluctuate with changes in commodity prices. The Corporation is engaged in oil and gas development and production activities in Canada and as a result has significant exposure to commodity price risk. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. As at December 31, 2018, the Corporation uses commodity price contracts to reduce its exposure to fluctuating petroleum or natural gas prices.

The Corporation had no commodity price contracts in place as at December 31, 2018. Subsequent to December 31, 2018, the following commodity price contract has been entered into:

WTI crude oil sales price contract	Volume (Bbls/d)	Pricing (US$/Bbl)	Term of contract
Costless collar	400	$50.00 - $64.00	Apr 1, 2019 - Sep 30, 2019

The contracts in place during the year ended December 31 2018, resulted in a realized loss of $724,833 (December 31, 2017 - $310,274 realized gain).

- **Currency Risk**

  Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Corporation's petroleum and natural gas sales are conducted in Canada and the U.S. and are denominated in Canadian and U.S. dollars. Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate.

- **Interest Rate Risk**

  Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate fluctuations on its bank indebtedness which bears a floating rate of interest. The Corporation has no interest rate swap or financial contracts in place as at December 31, 2018. An increase of one percent to the effective interest rate for the Corporation, given average bank debt for the year of $45.2 million (2017 - $32.9 million), would have impacted the year ended December 31, 2018 net loss by $0.5 million (2017 – $0.3 million).

14. REVENUE

Petroleum and natural gas revenue primarily consist of crude oil, natural gas and natural gas liquids. The Corporation sells its production pursuant to variable price contracts that have a term of one year or less. The transaction price for variable priced contracts is based on benchmark commodity prices, adjusted for quality, location and other factors. Revenues are typically collected on the 25th day of the month following production.

		2018		2017
Crude oil revenue	$	16,366,618	$	11,395,021
Natural gas revenue		4,688,965		6,103,714
Natural gas liquids revenue		1,433,489		1,512,815
Total petroleum and natural gas revenue	$	22,489,072	$	19,011,550

Included in accounts receivable at December 31, 2018 is $2.0 million of accrued petroleum and natural gas sales related to December 2018 production (December 31, 2017 - $1.2 million related to December 2017 production).

15. FINANCE EXPENSE

The following table summarizes the components of the Corporation's finance expense:

		2018		2017
Interest on bank indebtedness	$	3,048,949	$	2,004,320
Accretion on decommissioning obligations		340,386		323,699
Finance expense	$	3,389,335	$	2,328,019

16. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

		2018		2017
Accounts receivable	$	(439,522)	$	531,512
Prepaid expenses and deposits		(63,400)		(19,686)
Accounts payable and accrued liabilities		180,690		2,845,854
Change in non-cash working capital	$	(322,232)	$	3,357,680
Relating to:				
Operating activities	$	(277,168)	$	1,450,811
Investing activities		(45,064)		1,906,869
Change in non-cash working capital	$	(322,232)	$	3,357,680

Cash expenses paid

		2018		2017
Interest	$	2,919,147	$	1,906,132

17. PERSONNEL EXPENSES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. The key management personnel compensation is comprised of the following:

		2018		2017
Salaries, bonuses and benefits	$	921,299	$	1,414,024
Share-based compensation		93,266		352,535
Total compensation	$	1,014,565	$	1,766,559

In the Corporation's consolidated statements of comprehensive income (loss), items are primarily disclosed by nature except for employee compensation which is included in general and administrative expense and in share-based compensation expense. For the year ended December 31, 2018, employee compensation costs of $1.9 million (December 31, 2017 - $2.5 million) were included in general and administrative expenses and $0.2 million in share-based compensation expense (December 31, 2017 - $0.6 million).

THIS IS **EXHIBIT "4"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2019	December 31, 2018
ASSETS		
Current		
Accounts receivable	$ 1,806,970	$ 2,589,298
Prepaid expenses and deposits	567,665	523,640
	2,374,635	3,112,938
Property and equipment (notes 5 and 6)	130,156,744	148,001,547
Right-of-use assets (note 7)	347,513	-
	$ 132,878,892	$ 151,114,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 8)	$ 50,490,011	$ 50,814,012
Accounts payable and accrued liabilities	6,857,347	9,182,298
Current portion of lease liabilities (note 7)	927,425	804,735
	58,274,783	60,801,045
Lease liabilities (note 7)	755,903	1,335,815
Decommissioning obligations (note 10)	13,587,421	15,362,754
Shareholders' equity		
Share capital (note 11)	101,896,821	101,896,821
Contributed surplus	5,983,498	5,499,306
Deficit	(47,619,534)	(33,781,256)
	60,260,785	73,614,871
Future operations (note 2)		
Commitments (note 9)		
Liquidity (note 14)		
	$ 132,878,892	$ 151,114,485

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors

James S. Blair
Director

Jason White
Director

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

		2019		2018
REVENUE				
Oil and gas (note 15)	$	26,475,948	$	22,489,072
Royalties		(2,130,908)		(3,384,435)
		24,345,041		19,104,637
Realized loss on commodity price contracts (note 14)		-		(724,833)
Unrealized gain on commodity price contracts		-		349,037
		24,345,041		18,728,841
EXPENSES				
Operating		7,963,996		9,329,482
Transportation		5,869,205		1,751,728
General and administrative		1,881,991		2,080,085
Share-based compensation (note 11)		335,942		111,674
Depletion, depreciation and impairment (note 6)		18,342,742		6,531,036
		34,393,876		19,804,005
Operating loss		(10,048,836)		(1,075,164)
Finance expense (note 16)		3,789,442		3,389,335
Net loss and comprehensive loss		(13,838,278)		(4,464,499)
Deficit, beginning of year		(33,781,256)		(29,316,756)
Deficit, end of year	$	(47,619,534)	$	(33,781,256)

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance - December 31, 2017	$ 101,896,821	$ 5,343,562	$ (29,316,756)	$ 77,923,627
Net loss for the year	-	-	(4,464,499)	(4,464,499)
Share-based compensation	-	155,744	-	155,744
Balance - December 31, 2018	$ 101,896,821	$ 5,499,306	$ (33,781,256)	$ 73,614,871
Net loss for the year	-	-	(13,838,278)	(13,838,278)
Share-based compensation	-	484,192	-	484,192
Balance - December 31, 2019	$ 101,896,821	$ 5,983,498	$ (47,619,534)	$ 60,260,785

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2019	2018
OPERATING ACTIVITIES		
Net loss	$ (13,838,278)	$ (4,464,499)
Items not requiring cash:		
Depletion, depreciation and impairment (note 6)	18,342,742	6,531,036
Unrealized loss (gain) on commodity price contracts	-	(349,037)
Share-based compensation	335,942	111,674
Accretion expense	291,513	340,386
Decommissioning expenditures (note 10)	(164,709)	(26,036)
Changes in non-cash working capital (note 17)	(43,933)	(277,168)
	4,923,277	1,866,355
FINANCING ACTIVITIES		
Lease repayments	(804,736)	(293,754)
Increase (decrease) in bank indebtedness	(324,001)	8,765,575
	(1,128,737)	8,471,821
INVESTING ACTIVITIES		
Acquisition of property and equipment (note 5)	(85,000)	-
Disposition of property and equipment (note 5)	198,325	-
Property and equipment expenditures	(2,365,150)	(10,293,112)
Changes in non-cash working capital (note 17)	(1,542,714)	(45,064)
	(3,794,539)	(10,338,176)
Change in cash during the year	-	-
Cash, beginning of the year	-	-
Cash, end of the year	$ -	$ -

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
As at and for the years ended December 31, 2019 and 2018

1. REPORTING ENTITY

Glenogle Energy Inc. and its wholly owned subsidiary (the "Corporation") is an oil and gas acquisition, development and production company based in Calgary, Alberta. The Corporation's head office is located at 1400, 444 – 5 Avenue SW, Calgary, Alberta and its operations are conducted in the Province of Alberta.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These accounting policies have been applied consistently for all periods presented in these consolidated financial statements.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 16, 2020.

Future Operations

These consolidated financial statements have been prepared on a going concern basis which assumes that the Corporation 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. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

As at December 31, 2019, the Corporation has a working capital deficiency of $55.9 million, including $50.5 million drawn on its $52.0 million demand revolving loan. For the year ended December 31, 2019, cashflow from operating activities was $4.9 million. As a result of the uncertainty regarding the Corporation's ability to maintain the borrowing base at the next scheduled review, which is expected to commence in May 2020 (see note 8), and its ability to repay debt in a lower commodity price environment (see note 14), there exists a material uncertainty that may cast significant doubt with respect to the Corporation's ability to continue as a going concern.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for any derivative financial instruments that have been measured at fair value with the changes in fair value recorded in earnings.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are critical estimates and judgments that management has made in the process of applying accounting policies that have the most significant effect on the consolidated financial statements:

Cash Generating Units

The Corporation's assets are aggregated into cash-generating unit(s) ("CGU") for the purpose of assessing impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of the CGU(s) is based on management's judgment in regard to shared infrastructure, geographical proximity, commodity type and similar exposure to market risks and materiality. By their nature, these assumptions are subject to management's judgment and may impact the carrying value of the Corporation's net assets in future periods.

Impairment

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in the consolidated financial statements:

Reserves

The estimation of recoverable quantities of proven and probable reserves includes estimates and assumptions regarding future commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. Changes in reported reserves can affect the impairment of assets, decommissioning obligations, the economic feasibility of exploration and evaluation assets and the amounts reported for depletion, depreciation and amortization. These reserve estimates are evaluated by independent qualified reserve engineers at least annually, who work with information provided by the Corporation to establish reserve determinations in accordance with National Instrument (NI) 51-101, "Standards of Disclosure for Oil and Gas Activities". Accordingly, the impact to the consolidated financial statements in future years could be material.

Liquidity

As part of its capital management process, the Corporation prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Corporation. Budgets and forecasts are subject to significant judgment and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Corporation. See further discussions regarding liquidity in note 14.

Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed, which includes assessing the value of oil and natural gas properties based on the estimation of recoverable quantities of proved plus probable reserves being acquired.

Decommissioning obligations

Decommissioning and restoration costs are recognized for the future decommissioning and restoration of the Corporation's oil and natural gas wells and their associated production facilities and pipelines. These obligations are based on estimated costs, which take into account the anticipated method and extent of restoration and technological advances. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The expected timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to assumptions related to future expected costs, discount rates and timing may have a material impact on the amounts presented.

Share based compensation

The estimated fair values of stock options and warrants using pricing models such as the Black-Scholes model is based on significant assumptions such as volatility, forfeiture rates and the expected term.

Derivative Financial Instruments

The Corporation records risk management contracts at fair value with changes in fair value recognized in earnings. The Corporation's estimate of the fair value is determined using observable market data and external counterparty information, included estimated forward prices and volatility in those prices.

Deferred income taxes

Tax interpretations, regulations and legislation in the jurisdictions in which the Corporation operates are subject to change. The deferred tax asset or liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

Leases

The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of lease obligations, and the resulting interest and depletion and depreciation expense, may differ due to changes in the market conditions and lease term. The lease term includes renewal options where the Corporation is reasonably certain to exercise such options.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Corporation except as described in note 4.

Joint Operations

A portion of the Corporation's development and production activities are conducted jointly with others and, accordingly, the Corporation only reflects its proportionate interest of the assets, liabilities, revenues, expenses and cash flows. The Corporation does not have any joint arrangements that are structured through a separate vehicle.

Development and Production Assets

Items of property and equipment which include oil and gas development and production assets and corporate assets are measured at cost less accumulated depletion, depreciation, amortization and impairment. Development and production assets are accumulated on an area-by-area basis and represent the cost of developing the commercial reserves discovered and bringing them into production.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas assets only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Such capitalized oil and natural gas asset generally represents costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in earnings as incurred.

Depletion and Depreciation

The costs of development and production assets are depleted using the unit-of-production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are estimated by taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers annually.

Other property, plant and equipment are stated at cost less accumulated depletion, depreciation, amortization and any impairment in value. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) and depreciated over their useful lives. Costs associated with routine turnarounds and overhauls are depreciated over four years. The Corporation records office equipment at cost and provides depreciation on a declining balance basis. Right-of-use assets are depreciated on a straight line basis over the lease term. The assets' useful lives and residual values are assessed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Impairment

An impairment test is performed when events and circumstances arise, at each reporting date that indicate that the carrying value of a development and production asset may exceed its recoverable amount. The carrying value is compared against the expected recoverable amount of the asset, defined as the greater of fair value less costs to sell and its value in use. Fair value less costs to sell is determined as the amount that would be obtained for the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. Fair value less costs to sell may be determined by using discounted future net cash flows of proved and probable reserves using forecast prices and costs and its eventual disposal, using assumptions that an independent market participant may take into account. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset. If any indications of impairment exist, the Corporation performs an impairment test related to the assets. Individual assets or areas are grouped for impairment assessment purposes into CGU's, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets.

Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. The impairment loss is recorded within depletion, depreciation and impairment expense in earnings. Impairments are reversed when events or circumstances give rise to changes in the estimate of the recoverable amount since the period the impairment was recorded. An impairment loss is reversed only to the extent that the CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, if no impairment loss had been recognized. Such a reversal is recognized in earnings.

Decommissioning Obligations

The Corporation recognizes a liability in the period in which it has a present and legal or constructive liability and a reasonable estimate of the amount can be made. On a periodic basis, the Corporation reviews these estimates and changes, if any, are applied prospectively. An obligation is recognized for the estimated cost of abandonment and site restoration, by discounting expected future cash flows required to settle the obligation using a risk free rate, with a corresponding amount capitalized as asset retirement costs in property and equipment. These asset retirement costs are subsequently depleted on a unit-of-production basis over the life of the proved and probable reserves. The obligation is adjusted each reporting period to reflect the passage of time and changes to the estimated future cash flows underlying the obligation. The increase in the obligation due to the passage of time is recognized as accretion expense and changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent the provision had been established.

Revenue Recognition

Revenue from the sale of oil and natural gas is measured based on the consideration specified in contracts with customers. The Corporation recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods.

The Corporation evaluates its arrangements with third parties and partners to determine if it acts as the principal or as an agent. In making this evaluation, management considers if the Corporation obtains control of the product delivered, which is indicated by the Corporation having the ability to establish prices or having inventory risk. If the Corporation acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Corporation from the transaction.

Income Taxes

Income tax expense represents the sum of the tax currently payable and the deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are netted in certain circumstances.

Deferred income tax expense is recognized in earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Share-based Compensation

The Corporation has a share-based compensation plan. Under the Corporation's stock option and performance warrants plan, options and warrants to purchase common shares are granted to officers and employees at prices determined by the Board of Directors.

The Corporation uses the fair value method for valuing stock option and performance warrant grants using the Black-Scholes model. Under this method, the compensation cost attributable to all stock options and performance warrants granted is measured at fair value at the grant date and expensed over the vesting period to share-based compensation expense with a corresponding increase to contributed surplus. Upon the exercise of stock options or performance warrants, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. A forfeiture rate is estimated on the grant date and is subsequently adjusted each period to reflect the actual number of options that are expected to vest. In the event that vested options expire without being exercised, previously recognized compensation expense associated with such stock options will not be reversed.

Derivative Financial Instruments

The Corporation may enter into certain financial derivative contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes. The Corporation has not designated its financial derivative contracts as effective accounting hedges, and thus not applied hedge accounting, even though the Corporation considers all commodity contracts to be economic hedges. As a result, all financial derivative contracts are classified as fair value through profit or loss and are recorded on the statement of financial position at fair value. Transaction costs are recognized in earnings when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in earnings.

Financial Instruments

Amortized Cost

Accounts receivable, accounts payable and accrued liabilities, and bank debt are measured at amortized cost. These classifications are initially measured at fair value and subsequent revaluations are recorded at amortized cost using the effective interest method.

Fair Value through Profit or Loss ("FVTPL")

The Corporation may enter into risk management contracts in order to manage its exposure to market risks from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. All risk management contracts are initially measured at fair value through profit or loss and are subsequently measured at fair value with changes in fair value recorded in net income (loss). The fair values of these derivative instruments are based on an estimate of the amounts that would be paid or received to settle these instruments at the balance sheet date.

Impairment of Financial Assets

Impairment of financial assets is determined by measuring the assets' expected credit loss. Accounts receivable are due within one year and are not considered to have a significant financing component. Expected credit losses are not significant.

Business Combinations

Determining whether an acquisition meets the definition of a business combination or represents and asset purchase requires judgment on a case by case basis. Business combinations are accounted for using the acquisition method. The identifiable net assets acquired are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the fair value of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in earnings. Transaction costs associated with the acquisition are expensed when incurred.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

On January 1, 2019, the Corporation adopted IFRS 16 - "Leases" ("IFRS 16"). IFRS 16 introduces a single recognition and measurement model for leases which requires a right-of-use asset and lease liability to be recognized on the balance sheet for contracts that are, or contain, a lease.

The Corporation adopted IFRS 16 using the modified retrospective approach, whereby the cumulative effect of initially applying the standard was recognized as an increase to right-of-use assets with a corresponding increase to lease liabilities.

On adoption of IFRS 16, the Corporation has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments from commitments disclosed as at December 31, 2018, adjusted by commitments in relation to arrangements not containing leases, short-term and low-value leases, and discounted using the Corporations incremental borrowing rate as of January 1, 2019. The associated right-of-use assets are measured at the amount equal to the lease liability on January 1, 2019, with no impact on deficit. The weighted average incremental borrowing rate used to determine the lease liability at adoption was 6.70%.

The Corporation has elected to apply the practical expedient of not recognizing right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term and are not considered material at December 31, 2019. The incremental impact of adopting IFRS 16 relates to the Corporation's head office lease in Calgary which was effective September 1, 2019. As at January 1, 2019 the head office lease had a lease term of less than 12 months and the Corporation was not reasonably certain to renew the lease. Accordingly, there was no transitional adjustment recorded as at January 1, 2019. The Corporation had previous finance leases recorded under IAS 17 which continued to be recorded at the previous carrying amount as at January 1, 2019.

The right-of-use assets and lease liabilities to be recognized relate to the Corporation's head office lease in Calgary. At December 31, 2018, the head office lease had a lease term less than 12 months resulting in no transitional adjustment as at January 1, 2019.

As a result of this new standard, the Corporation has adopted the following significant accounting policy for leases effective January 1, 2019:

Leases
On adoption of IFRS 16, the Corporation is required to recognize lease liabilities in relation to leases which had previously been classified as "operating" leases under the principles of IAS 17 – "Leases" ("IAS17"). A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation.

A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date, discounted at the Corporation's incremental borrowing rate where the rate implicit in the lease is not readily determinable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to earnings over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A corresponding right-of-use asset is recognized at the amount of the lease liability. The right-of-use asset is depreciated on a straight line basis over the term of the lease. Lease payments on short term leases with lease terms of leases than twelve months or leases on which the underlying asset is of low value are charged to earnings as incurred.

The preparation of the financial statements in accordance with IFRS 16 requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results could differ significantly from these estimates.

Future accounting changes

On October 22, 2018, the IASB issued amendments to the guidance in IFRS 3 - Business Combinations ("IFRS 3"), revising the definition of a business and providing for the addition of an optional 'concentration test' to determine if the acquisition is a business. 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 three elements of a business are defined as follows:

- Input - Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs, when one or more processes are applied to it.
- Process - Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- Output - The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

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. If the concentration test is met, the sets of activities and assets is determined not to be a business and no further assessment is needed.

The amendments to IFRS 3 apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020, with early adoption permitted. The Corporation is currently evaluating the impact the standard will have on the consolidated financial statements, as well as the impact that adoption of the standard will have on disclosures.

5. PROPERTY ACQUISITIONS AND DIVESTITURES

On September 9, 2019, the Corporation completed an acquisition of oil assets in the Doe area of Alberta for cash consideration of $85 thousand. The property acquisition was accounted for using the acquisition method and the fair values of the identifiable assets and liabilities acquired were ascribed as follows:

	($000)
Cash consideration	85
Allocated at estimated fair values	
Property and equipment	286
Decommissioning obligation	(201)
	85

Had the acquisition been completed on January 1, 2019, the Corporation estimates that there would be no significant effect on its pro forma revenue or net loss for the period.

On May 27, 2019, the Corporation completed a divestiture of oil and gas assets in the Mica Creek area in British Columbia for $175 thousand. On disposition, the Corporation recorded a decrease in decommissioning obligation totaling $229 thousand. There was no gain or loss recorded as proceeds were equal to the net carrying value of the properties divested.

On April 22, 2019, the Corporation completed a divestiture of oil and gas assets in the Sinclair area in Alberta for $23 thousand. On disposition, the Corporation recorded a decrease in decommissioning obligation totaling $146 thousand. There was no gain or loss recorded as proceeds were equal to the net carrying value of the properties divested.

6. PROPERTY AND EQUIPMENT

Cost	Petroleum & natural gas properties	Office equipment	Total
Balance at December 31, 2017	$ 219,352,614	$ 98,918	$ 219,451,532
Additions	10,326,892	10,290	10,337,182
Decommissioning obligations	256,370	-	256,370
Balance at December 31, 2018	229,935,876	109,208	230,045,084
Additions	2,513,400	-	2,513,400
Acquisitions (note 5)	285,524	-	285,524
Dispositions (note 5)	(622,345)	-	(622,345)
Decommissioning costs	(1,902,136)	-	(1,902,136)
Balance at December 31, 2019	$ 230,210,319	$ 109,208	$ 230,319,527

Accumulated depletion and depreciation	Petroleum & natural gas properties	Office equipment	Total
Balance at December 31, 2017	$ 75,440,072	$ 72,428	$ 75,512,501
Depletion and depreciation	6,522,257	8,779	6,531,036
Balance at December 31, 2018	81,962,329	81,207	82,043,537
Depletion and depreciation	8,572,607	20,135	8,592,742
Impairment	9,750,000	-	9,750,000
Dispositions (note 5)	(223,496)	-	(223,496)
Balance at December 31, 2019	$ 100,061,440	$ 101,342	$ 100,162,783

Net book value	Petroleum & natural gas properties	Office equipment	Total
December 31, 2018	$ 147,973,547	$ 28,000	$ 148,001,547
December 31, 2019	$ 130,148,879	$ 7,866	$ 130,156,744

Petroleum and natural gas properties include capitalized general and administrative costs of $541,911 (December 31, 2018 - $824,927) and share-based compensation costs of $148,251 (December 31, 2018 - $44,070) for the year ended December 31, 2019.

Future development costs of $51.3 million associated with proved plus probable undeveloped reserves were included in the December 31, 2019 (December 31, 2018 - $70.5 million) depletion calculation. Salvage value of $16.6 million for property and equipment was excluded in the December 31, 2019 (December 31, 2018 - $14.3 million) depletion calculation.

As at December 31, 2019, the Corporation identified indicators of impairment related to declines in current and projected future oil and gas prices. As a result, the Corporation completed an impairment test. The recoverable value was estimated using the value in use method based on discounted future cash flows estimated by the Corporation's independent reserve evaluators. It was determined that the carrying value of the Grande Prairie Oil CGU exceeded the recoverable amount and an impairment of $9.75 million was recognized. The discount rates applied in the value in use calculation as at December 31, 2019 were 10% for proved producing reserves, 15% for proven non producing and undeveloped reserves, and 20% for probable reserves.

The impairment test performed at December 31, 2019 used future prices that the Corporation used in estimating future cash flows and were those forecast by the Corporation's independent reserve engineers, adjusted for commodity price differentials and transportation specific to the Corporation's reserves. The reserve engineers also include financial assumptions regarding royalty rates, operating costs and future development capital that can significantly impact the recoverable amount which are assigned based on historic rates and future anticipated activities of the Corporation.

	2020	2021	2022	2023	2024
Edmonton Light Crude Oil ($Cdn/bbl)	72.64	76.06	78.35	80.71	82.64
Natural Gas at Alberta Plant Gate ($Cdn/mmbtu)	1.82	2.10	2.39	2.48	2.58

Prices escalate from 2025 – 2034 at varying percentages and at 2.0% per annum after 2034.

As at December 31, 2018, there were no indicators of impairment or reversal of impairment identified. Accordingly, an impairment test was not required.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

		Office Lease
Cost:		
Balance, January 1, 2019	$	-
Additions		416,463
Balance, December 31, 2019	$	416,463
Accumulated depreciation:		
Balance, January 1, 2019	$	-
Depreciation		68,950
Balance, December 31, 2019	$	68,950
Carrying amount:		
Balance, January 1, 2019	$	-
Balance, December 31, 2019	$	347,513

In accordance with the adoption of IFRS 16- Leases, the Corporation recognized the right-of-use asset for the Corporate head office lease that began September 1, 2019, for a two year lease term. At December 31, 2018, the head office lease had a lease term less than 12 months and the Corporation was not reasonably certain to exercise its renewal option resulting in no transitional adjustment as at January 1, 2019. Equipment under capital leases remain classified as property and equipment and not recognized as right-of-use assets.

The Corporation has the following future commitments associated with its lease obligations:

		Office Lease		Equipment Leases		Total Leases
Balance, January 1, 2019	$	-	$	2,140,550	$	2,140,550
Additions		416,463		-		416,463
Lease Payments		(68,950)		(804,736)		(873,686)
Balance, December 31, 2019	$	347,513	$	1,335,815	$	1,683,328

		As at December 31, 2019
Less than one year	$	985,914
1-3 years		776,467
Total lease payments		1,762,381
Amounts representing interest over the term of the lease		(79,053)
Present value of net lease payments		1,683,328
Current portion of lease liabilities		(927,425)
Non-current portion of lease liabilities	$	755,903

The Corporation has the option at the end of the term of its equipment leases to purchase the equipment for a total of $355,018 or to enter into new leases. The Corporation is not reasonably certain to exercise this option and accordingly, it has not been recorded in the calculation of the Corporation's right-of-use asset and lease liability. A general security agreement and a first charge against the leased assets have been entered into as security.

8. BANK INDEBTEDNESS

At December 31, 2019, the Corporation had a demand revolving credit facility of $52.0 million (December 31, 2018 - $52.0 million). Advances under the credit facility bear interest at the bank's prime rate plus 2.75%. Collateral for the facility consists of a general security agreement, providing a first priority security interest over all present and after acquired personal property and a floating charge on all present and after acquired real property of the Corporation. At December 31, 2019, $50.5 million (December 31, 2018 - $50.8 million) was drawn against the demand revolving credit facility. Four letters of credit of approximately $0.6 million as at December 31, 2019 (December 31, 2018 - $0.7 million) have also been issued against the facility.

The amount of the credit facility is subject to a borrowing base redetermination performed on a periodic basis by the lender which is based on the lender's view of the Corporation's reserves and forward commodity prices. As the available lending limits are based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of available credit that will be determined at each scheduled review. In the event the lender demands repayment of all amounts advanced under the credit facility, other than as a result of a default under the credit facility, the Corporation shall repay $1.0 million within 90 days of such demand notice, $1.0 million within 180 days of such demand notice, $1.0 million within 270 days of such demand notice, and the balance within 365 days of such demand notice. The next review of the credit facility is expected to commence in May 2020. See notes 2 and 14.

At December 31, 2019, the Corporation had a capital lease facility for the purpose of financing production facilities with $1.3 million outstanding (December 31, 2018 - $2.1 million). See note 9(b).

Date of Lease		Amount	Remaining Term	Interest Rate	Security
January 2016	$	89,274	1 months	3.820%	Registered lien
April 2017		670,903	15 months	6.070%	Registered lien
August 2017		277,785	19 months	6.920%	Registered lien
September 2018		297,853	32 months	5.300%	Registered lien
	$	1,335,815			

9. COMMITMENTS

a) At December 31, 2019, the Corporation is committed to process natural gas through third-party owned gas processing facilities in Alberta with annual payments as follows:

Year		Amount
2020	$	884,667
2021		791
	$	885,458

b) At December 31, 2019, the Corporation is committed to transport crude oil through third-party owned pipeline systems in Alberta with annual payments as follows:

Year		Amount
2020	$	304,091
2021		303,260
2022		303,260
2023		303,260
2024		304,091
2025		99,702
	$	1,617,664

c) At December 31, 2019, the Corporation is committed to transport natural gas through third-party owned pipeline systems with annual payments as follows:

Year		Amount
2020	$	3,208,600

10. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations results from its responsibility to abandon and reclaim its net share of all working interest properties. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately $27.9 million (December 31, 2018 - $35.6 million). These expenditures are expected to be made over the next 50 years with the majority of the costs being incurred between 2058 and 2069. The Corporation used a risk-free rate of 1.76 percent (December 31, 2018 – 2.18 percent) and an inflation rate of 1.35 percent (December 31, 2018 – 2 percent) to calculate the present value of the decommissioning obligations.

		2019		2018
Balance, beginning of year	$	15,362,754	$	14,792,034
Obligations acquired / (disposed)		(328,760)		73,750
Change in discount rate		(1,192,284)		436,661
Change in estimates		(381,092)		(254,041)
Accretion expense		291,513		340,386
Liabilities settled		(164,709)		(26,036)
Balance, end of year	$	13,587,421	$	15,362,754

11. SHARE CAPITAL

a) Authorized: Unlimited number of Class A voting common shares with no par value
Unlimited number of Class A voting preferred shares with a par value of $1.00 per share
Unlimited number of Class B non-voting common shares with no par value

b) Class A Voting Common Shares issued and outstanding:

	Number of Shares	Amount
Balance, December 31, 2017 and December 31, 2018	111,352,250	$ 101,896,821
Shares cancelled	(923,895)	-
Balance, December 31, 2019	110,428,355	$ 101,896,821

In September 2019, the Corporation acquired and cancelled a total of 923,895 Class A common shares from current management and staff in exchange of retiring promissory notes that were pledged against the shares in July 2016. In 2016, the Corporation recognized share-based compensation costs and contributed surplus to account for the common shares that were pledged against the promissory notes.

c) Share-based Compensation

The Corporation has established a stock option plan and a performance warrants plan whereby directors, officers, employees and consultants may be granted options and warrants to purchase common shares. Stock options and performance warrants granted under the stock option plan and performance warrants plan have a term of five years to expiry. All of the options and warrants granted vest equally over a three year period commencing on the first anniversary date of the grant. Each stock option and performance warrant granted permits the holder to purchase one common share of the Corporation at the stated exercise price. The total stock options outstanding cannot exceed 10% of the issued and outstanding common shares on a non-diluted basis.

The following table summarizes information about the stock options:

	Options outstanding			Options exercisable	
	Weighted Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2017	0.85	10,423,000	2.26	8,059,333	0.94
Vested	-	-	-	1,169,334	1.00
Balance, December 31, 2018	0.85	10,423,000	1.23	9,228,667	0.89
Expired	1.00	(6,915,000)	-	(6,915,000)	1.00
Vested	-	-	-	1,144,333	
Granted	0.40	7,475,000	4.47	-	-
Balance, December 31, 2019	0.45	10,983,000	3.59	3,458,000	0.56

The following table summarizes the information about the performance warrants:

	Performance warrants outstanding			Performance warrants exercisable	
	Weighted Average Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2017		13,980,000	1.48	13,930,000	2.00
Vested		-	-	50,000	2.00
Balance, December 31, 2018		13,980,000	0.48	13,980,000	2.00
Expired	2.00	(13,830,000)	-	(13,830,000)	2.00
Balance, December 31, 2019		150,000	0.13	150,000	2.00

The fair value of the stock options issued during 2019 of $0.18/option was determined at the date of grant using the Black-Scholes option pricing model. Assumptions include weighted risk-free interest rates of 1.47% - 1.68%, a volatility factor of 50% and a forfeiture rate of 5%. The volatility factor was determined by a review of stock price volatility of a peer group of publicly traded companies. Upon the exercise of a stock option, the associated value will be recorded as an increase to share capital. Share-based compensation expense of $484,192 has been recognized, of which $148,251 was capitalized at December 31, 2019 (December 31, 2018 - $155,744, with $44,070 capitalized).

12. INCOME TAXES

Deferred Income Tax

The provision for income taxes varies from the amount that would be computed by applying the expected tax rate to income (loss) before income taxes. The reasons for the differences are as follows:

Rate Reconciliation		2019		2018
Loss before taxes	$	(13,838,278)	$	(4,464,499)
Expected tax rate		26.5%		27.0%
Expected income tax expense (reduction)		(3,667,144)		(1,205,415)
Non-deductible/(taxable) items		90,776		33,066
Rate adjustments and other		2,906,914		(1,029)
Change in unrecognized deferred tax assets		669,454		1,173,378
	$	-	$	-

During the year ended December 31, 2019, the blended statutory rate was 26.5% (2018 – 27%). In the second quarter of 2019, the Alberta corporate income tax rate was reduced from 12% to 8% over a four year period. The rate was reduced from 12% to 11% effective July 1, 2019 and will be further reduced by 1% on January 1 for each of the next three years until it reaches 8% on January 1, 2022.

The components of the Corporation's deferred income tax asset (liability) are as follows:

	2019	2018
Property and equipment	$ (12,980,918)	$ (16,603,611)
Decommissioning obligations	3,125,107	4,147,944
Non-capital losses	9,855,811	12,455,667
	$ -	$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefit.

	2019	2018
Non-capital losses	$ 72,571,272	$ 58,769,825
Capital leases	1,335,815	2,140,551
Other tax assets	537,061	25,550
	$ 74,444,148	$ 60,935,926

The Corporation has non-capital losses of $115,422,624 which expire between 2024 and 2039.

The Corporation believes that the provision for income taxes is adequate and in accordance with applicable legislation and regulations; however, tax filing positions are subject to review by taxation authorities who may challenge the Corporation's interpretation of the applicable legislation and regulations.

13. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Corporation's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute on strategic opportunities throughout the business cycle.

The Corporation's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Corporation considers its capital structure to include share capital, bank indebtedness and working capital deficiency. In order to maintain or adjust its capital structure, the Corporation may issue new shares, raise debt and adjust its capital spending to manage current and projected debt levels.

In order to facilitate the management of the capital expenditures and net debt, the Corporation prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Corporation's current borrowing capacity is based on the lenders' semi-annual review of the Corporation's oil and natural gas reserves. The Corporation is subject to various non-financial covenants under its credit facility.

The Corporation's share capital is not subject to external restrictions. The Corporation has not paid or declared any dividends and does not contemplate doing so in the foreseeable future. There were no changes to the Corporation's approach to capital management during the year.

14. FINANCIAL RISK MANAGEMENT

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consists of accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and capital lease obligations. At December 31, 2019, the carrying amounts reported on the statement of financial position approximate their estimated fair values due to the short-term nature of those instruments or the indexed rate of interest on the bank indebtedness.

The Corporation classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty fails to meet its contractual obligations. The Corporation's accounts receivable are with joint interest partners and petroleum and natural gas marketers in the oil and gas industry and are subject to normal industry credit risks. The carrying amount of accounts receivable represents the Corporation's maximum credit exposure. As at December 31, 2019, the Corporation's receivables balance was $1.8 million (December 31, 2018 - $2.6 million) and consisted of $0.3 million (December 31, 2018 - $0.3 million) from joint interest partners and $1.5 million (December 31, 2018 - $2.0 million) of receivables from petroleum and natural gas marketers.

The Corporation considers all amounts greater than 90 days past due. At December 31, 2019, the Corporation has no material receivables outstanding greater than 90 days that are not considered to be collectible.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation regularly prepares and updates budgets and forecasts in order to monitor its liquidity and ability to meet its financial obligations and commitments. Management's forecasts for 2020 are based upon current strip pricing and indicate that cash flow will not be sufficient to repay debt in a lower commodity price environment. Volatility in commodity prices and foreign exchange rates may adversely affect the Corporation's operating results and financial position.

The Corporation is adapting to the recent outbreak of the novel coronavirus ("COVID-19") and the related economic and social disruption, volatility in financial markets, and the ability to directly and indirectly staff the Corporation's day to day operations. The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Corporation's operating results and financial position. These and other factors may adversely affect the Corporation's liquidity and ability to generate income and cash flows in the future. The current volatility in commodity prices and uncertainty regarding the timing for recovery creates inherent challenges with the preparation of financial forecasts.

Future liquidity depends on the ability of the Corporation to access debt markets, availability under credit facilities, availability of additional equity and cash flow from operations. Various industry risk factors, including uncertainty around improvements in global commodity prices and pipeline and transportation capacity constraints in Western Canada, may adversely affect the Corporation's future liquidity.

As at December 31, 2019, the Corporation has a working capital deficiency of $55.9 million (December 31, 2018 – $57.7 million), including $50.5 million drawn on its $52.0 million demand revolving loan (note 8).

The timing of cash outflows relating to financial liabilities as at December 31, 2019 is as follows:

	2020	2021	2022
Accounts payable and accrued liabilities	$ 6,857,347	$ -	$ -
Equipment lease liability	718,917	508,016	108,882
Office lease liability	208,508	139,005	-

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in commodity price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the Corporation's return. The Corporation may use both commodity price contracts and physical delivery sales contracts to manage market risks. All such transactions would be conducted within risk management tolerances that are reviewed by the Board of Directors.

- **Commodity Price Risk**

  Commodity price risk is the risk that the fair value of future cash flows will fluctuate with changes in commodity prices. The Corporation is engaged in oil and gas development and production activities in Canada and as a result has significant exposure to commodity price risk. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. As at December 31, 2019, the Corporation does not have any commodity price contracts in place to reduce its exposure to fluctuating petroleum or natural gas prices.

The contract in place during the period ended December 31, 2019, had not resulted in a realized gain or loss (December 31, 2018 – $724,833 realized loss).

- **Currency Risk**

  Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Corporation's petroleum and natural gas sales are conducted in Canada and the U.S. and are denominated in Canadian and U.S. dollars. Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate.

- **Interest Rate Risk**

  Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate fluctuations on its bank indebtedness which bears a floating rate of interest. The Corporation has no interest rate swap or financial contracts in place as at December 31, 2019. An increase of one percent to the effective interest rate for the Corporation, given average bank debt for the year of $50.2 million (2018 - $45.2 million), would have impacted the year ended December 31, 2019 net loss by $0.5 million (2018 – $0.5 million).

15. REVENUE

Petroleum and natural gas revenue primarily consist of crude oil, natural gas and natural gas liquids. The Corporation sells its production pursuant to variable price contracts that have a term of one year or less. The transaction price for variable priced contracts is based on benchmark commodity prices, adjusted for quality, location and other factors. Revenues are typically collected on the 25th day of the month following production.

The Corporation has three main customers that are primarily crude oil and natural gas marketers in the crude oil and natural gas industry. The Corporation reviews the credit worthiness of customers prior to entering sales contracts and the financial strength of the Corporation's customers is reviewed on a routine basis. The three main customers accounted for more than 97% of total petroleum and natural gas revenue for the year ended December 31, 2019 (December 31, 2018 – 99%).

		2019		2018
Crude oil revenue	$	14,904,940	$	16,366,618
Natural gas revenue		10,468,504		4,688,965
Natural gas liquids revenue		1,102,504		1,433,489
Total petroleum and natural gas revenue	$	26,475,948	$	22,489,072

Included in accounts receivable at December 31, 2019 is $1.5 million of accrued petroleum and natural gas sales related to December 2019 production (December 31, 2018 - $2.0 million related to December 2018 production).

16. FINANCE EXPENSE

The following table summarizes the components of the Corporation's finance expense:

		2019		2018
Interest on bank indebtedness	$	3,394,483	$	2,919,895
Accretion on decommissioning obligations		291,513		340,386
Lease interest expense		103,446		129,054
Finance expense	$	3,789,442	$	3,389,335

17. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

		2019		2018
Accounts receivable	$	782,328	$	(439,522)
Prepaid expenses and deposits		(44,025)		(63,400)
Accounts payable and accrued liabilities		(2,324,950)		180,690
Change in non-cash working capital	$	(1,586,647)	$	(322,232)
Relating to:				
Operating activities	$	(43,933)	$	(277,168)
Investing activities		(1,542,714)		(45,064)
Change in non-cash working capital	$	(1,586,647)	$	(322,232)

Cash expenses paid

		2019		2018
Interest	$	3,396,243	$	2,919,147

18. PERSONNEL EXPENSES

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. The key management personnel compensation is comprised of the following:

		2019		2018
Salaries, bonuses and benefits	$	780,904	$	921,299
Share-based compensation		351,597		93,266
Total compensation	$	1,132,501	$	1,014,565

In the Corporation's consolidated statements of loss and comprehensive loss, items are primarily disclosed by nature except for employee compensation which is included in general and administrative expense and in share-based compensation expense. For the year ended December 31, 2019, employee compensation costs of $1.3 million (December 31, 2018 - $1.9 million) were included in general and administrative expenses and $0.3 million in share-based compensation expense (December 31, 2018 - $0.2 million).

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GLENOGLE ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)	March 31, 2020	December 31, 2019
ASSETS		
Current		
Cash - in trust	$ 307,876	$ -
Accounts receivable	1,026,824	1,806,970
Prepaid expenses and deposits	348,545	567,665
	1,683,245	2,374,635
Property and equipment (notes 3 and 4)	128,818,695	130,156,744
Right-of-use assets (note 5)	295,386	347,513
	$ 130,797,327	$ 132,878,892
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 6)	$ 50,951,411	$ 50,490,011
Accounts payable and accrued liabilities	6,388,224	6,857,347
Accounts payable and accrued liabilities	417,251	
Current portion of lease liabilities (note 5)	837,797	927,425
	58,594,683	58,274,783
Lease liabilities (note 5)	550,316	755,903
Decommissioning obligations (note 8)	13,459,189	13,587,421
Shareholders' equity		
Share capital (note 9)	101,896,821	101,896,821
Contributed surplus	6,189,161	5,983,498
Deficit	(49,892,844)	(47,619,534)
	58,193,138	60,260,785
Future operations (note 2)		
Commitments (note 7)		
Liquidity (note 11)		
	$ 130,797,327	$ 132,878,892

See accompanying notes to the consolidated financial statements.

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GLENOGLE ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)	Three months ended March 31 2020	2019
REVENUE		
Oil and gas (note 12)	$ 3,901,093	$ 9,271,998
Royalties	(321,299)	(557,885)
	3,579,794	8,714,113
EXPENSES		
Operating	1,743,188	2,542,198
Transportation	1,378,272	1,775,924
General and administrative	355,116	407,338
Share-based compensation (note 9)	142,003	14,332
Depletion and depreciation (note 4)	1,362,282	2,690,573
	4,980,861	7,430,366
Operating loss	(1,401,068)	1,283,748
Finance expense (note 13)	872,243	940,513
Net income (loss) and comprehensive income (loss)	(2,273,310)	343,235
Deficit, beginning of period	(47,619,534)	(33,781,256)
Deficit, end of period	$ (49,892,844)	$ (33,438,021)

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance - December 31, 2018	$ 101,896,821	$ 5,499,306	$ (33,781,256)	$ 73,614,871
Net loss for the period	-	-	343,235	343,235
Share-based compensation	-	19,674	-	19,674
Balance - March 31, 2019	$ 101,896,821	$ 5,518,980	$ (33,438,021)	$ 73,977,780
Net loss for the period		-	(14,181,513)	(14,181,513)
Share-based compensation		464,518	-	464,518
Balance - December 31, 2019	$ 101,896,821	$ 5,983,498	$ (47,619,534)	$ 60,260,785
Net loss for the year	-	-	(2,273,310)	(2,273,310)
Share-based compensation	-	205,663	-	205,663
Balance - March 31, 2020	$ 101,896,821	$ 6,189,161	$ (49,892,844)	$ 58,193,138

See accompanying notes to the consolidated financial statements.

GLENOGLE ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)	Three months ended March 31 2020	2019
OPERATING ACTIVITIES		
Net loss	$ (2,273,310)	$ 343,235
Items not requiring cash:		
Depletion and depreciation (note 4)	1,362,282	2,690,573
Share-based compensation	142,003	14,332
Accretion expense	42,912	83,664
Decommissioning expenditures (note 8)	(75,954)	(139,699)
Changes in non-cash working capital (note 14)	783,799	(936,615)
	(18,268)	2,055,491
FINANCING ACTIVITIES		
Lease repayments	(243,088)	(197,044)
Increase (decrease) in bank indebtedness	461,401	32,698
Farmee trust account	(307,876)	-
	(89,564)	(164,347)
INVESTING ACTIVITIES		
Disposition of property and equipment (note 3)	7,500	-
Property and equipment expenditures	(63,263)	(711,213)
Changes in non-cash working capital (note 14)	(217,937)	(1,179,931)
Change in non-cash farmee working capital	381,532	
	107,832	(1,891,144)
Change in cash during the period	-	-
Cash, beginning of the period	-	-
Cash, end of the period	$ -	$ -

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

As at for the three months ended March 31, 2020 and 2019

1. REPORTING ENTITY

Glenogle Energy Inc. (the "Corporation") is an oil and gas acquisition, development and production company based in Calgary, Alberta. The Corporation's head office is located at 1400, 444 – 5 Avenue SW, Calgary, Alberta and its operations are conducted in the Province of Alberta.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting". These financial statements have been prepared following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2019. These financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Subsequent to December 31, 2019, global oil prices declined considerably caused by reduced demand related to the coronavirus disease 2019 ("COVID-19") health pandemic and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments. While the OPEC+ countries have now reached an agreement on production cuts, the macro economic environment remains weak and considerable uncertainty exists regarding the duration and extent of oil demand destruction from the COVID-19 pandemic. The current challenging economic climate may have significant adverse impacts on the Corporation, including, but not limited to:

- material declines in revenue and cash flows due to reduced commodity prices,
- declines in future revenue, which could result in increased impairment charges on long-term assets,
- increased risk of non-performance by the Corporation's customers which could materially increase collection risk of accounts receivable and customer defaults on contracts, and
- prolonged demand destruction, which could negatively impact the Corporation's ability to maintain liquidity.

The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect the Corporation is not known at this time. Estimates and judgements made by management in the preparation of these consolidated financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on June 18, 2020.

Future Operations

These consolidated financial statements have been prepared on a going concern basis which assumes that the Corporation 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. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

As at March 31, 2020, the Corporation has a working capital deficiency of $56.8 million, including $51.0 million drawn on its $52.0 million demand revolving loan. As a result of the uncertainty regarding the Corporation's ability to maintain the borrowing base and its ability to repay debt in a lower commodity price environment, there exists a material uncertainty that may cast significant doubt with respect to the Corporation's ability to continue as a going concern.

3. PROPERTY ACQUISITIONS AND DIVESTITURES

On March 9, 2019, the Corporation completed a divestiture of oil and gas assets in the Gordondale area in Alberta for $8 thousand. There was no gain or loss recorded as proceeds were equal to the net carrying value of the properties divested.

On September 9, 2019, the Corporation completed an acquisition of oil assets in the Doe area of Alberta for cash consideration of $85 thousand. The property acquisition was accounted for using the acquisition method and the fair values of the identifiable assets and liabilities acquired were ascribed as follows:

	($000)
Cash consideration	85
Allocated at estimated fair values	
Property and equipment	286
Decommissioning obligation	(201)
	85

Had the acquisition been completed on January 1, 2019, the Corporation estimates that there would be no significant effect on its pro forma revenue or net loss for the period.

On May 27, 2019, the Corporation completed a divestiture of oil and gas assets in the Mica Creek area in British Columbia for $175 thousand. On disposition, the Corporation recorded a decrease in decommissioning obligation totaling $229 thousand. There was no gain or loss recorded as proceeds were equal to the net carrying value of the properties divested.

On April 22, 2019, the Corporation completed a divestiture of oil and gas assets in the Sinclair area in Alberta for $23 thousand. On disposition, the Corporation recorded a decrease in decommissioning obligation totaling $146 thousand. There was no gain or loss recorded as proceeds were equal to the net carrying value of the properties divested.

4. PROPERTY AND EQUIPMENT

Cost		Petroleum & natural gas properties		Office equipment		Total
Balance at December 31, 2018	$	229,935,876	$	109,208	$	230,045,083
Additions		2,513,400		-		2,513,400
Acquisitions (note 3)		285,524		-		285,524
Dispositions (note 3)		(622,345)		-		(622,345)
Decommissioning costs		(1,902,136)		-		(1,902,136)
Balance at December 31, 2019		230,210,319		109,208		230,319,527
Additions		126,923		-		126,923
Dispositions (note 3)		(7,500)		-		(7,500)
Decommissioning costs		(95,190)		-		(95,190)
Balance at March 31, 2020	$	230,234,552	$	109,208	$	230,343,759

Accumulated depletion and depreciation		Petroleum & natural gas properties		Office equipment		Total
Balance at December 31, 2018	$	81,962,329	$	81,207	$	82,043,537
Depletion and depreciation		8,572,607		20,135		8,592,742
Impairment		9,750,000		-		9,750,000
Dispositions (note 3)		(223,496)		-		(223,496)
Balance at December 31, 2019		100,061,440		101,342		100,162,783
Depletion and depreciation		1,361,447		835		1,362,282
Balance at March 31, 2020	$	101,422,888	$	102,177	$	101,525,065

Net book value		Petroleum & natural gas properties		Office equipment		Total
December 31, 2018	$	147,973,547	$	28,000	$	148,001,547
December 31, 2019	$	128,811,664	$	7,031	$	128,818,695

Petroleum and natural gas properties include capitalized general and administrative costs of $140,970 (March 31, 2019 - $139,240) and share-based compensation costs of $63,660 (March 31, 2019 - $5,342) for the three months ended March 31, 2020.

Future development costs of $51.3 million associated with proved plus probable undeveloped reserves were included in the March 31, 2020 (December 31, 2019 - $51.3 million) depletion calculation. Salvage value of $16.6 million for property and equipment was excluded in the March 31, 2020 (December 31, 2019 - $16.6 million) depletion calculation.

The current decrease in commodity prices as caused by COVID-19 (see Note 2) is dynamic. Management is continually monitoring the situation to determine the impact on the Corporation and assess potential impairment.

As at December 31, 2019, the Corporation identified indicators of impairment related to declines in current and projected future oil and gas prices. As a result, the Corporation completed an impairment test. The recoverable value was estimated using the value in use method based on discounted future cash flows estimated by the Corporation's independent reserve evaluators. It was determined that the carrying value of the Grande Prairie Oil CGU exceeded the recoverable amount and an impairment of $9.75 million was recognized. The discount rates applied in the value in use calculation as at December

31, 2019 were 10% for proved producing reserves, 15% for proven non producing and undeveloped reserves, and 20% for probable reserves.

The impairment test performed at December 31, 2019 used future prices that the Corporation used in estimating future cash flows and were those forecast by the Corporation's independent reserve engineers, adjusted for commodity price differentials and transportation specific to the Corporation's reserves. The reserve engineers also include financial assumptions regarding royalty rates, operating costs and future development capital that can significantly impact the recoverable amount which are assigned based on historic rates and future anticipated activities of the Corporation.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

		Office Lease
Cost:		
Balance, January 1, 2019	$	-
Additions		416,463
Balance, December 31, 2019 and March 31, 2020	$	416,463
Accumulated depreciation:		
Balance, January 1, 2019	$	-
Depreciation		68,950
Balance, December 31, 2019	$	68,950
Depreciation		52,127
Balance, March 31, 2020	$	121,077
Carrying amount:		
Balance, December 31, 2019	$	347,513
Balance, March 31, 2020	$	295,386

In accordance with the adoption of IFRS 16- Leases, the Corporation recognized the right-of-use asset for the Corporate head office lease that began September 1, 2019, for a two year lease term. Equipment under capital leases remain classified as property and equipment and not recognized as right-of-use assets.

The Corporation has the following future commitments associated with its lease obligations:

		Office Lease		Equipment Leases		Total Leases
Balance, January 1, 2019	$	-	$	2,140,550	$	2,140,550
Additions		416,463		-		416,463
Lease Payments		(68,950)		(804,736)		(873,686)
Balance, December 31, 2019	$	347,513	$	1,335,815	$	1,683,328
Additions		-		-		-
Lease Payments		(52,127)		(243,088)		(295,215)
Balance, March 31, 2020	$	295,386	$	1,092,727	$	1,388,113

	March 31, 2020	December 31, 2019
Less than one year	$ 896,356	$ 985,914
1-3 years	552,378	776,467
Total lease payments	1,448,734	1,762,381
Amounts representing interest over the term of the lease	(60,621)	(79,053)
Present value of net lease payments	1,388,113	1,683,328
Current portion of lease liabilities	(837,797)	(837,797)
Non-current portion of lease liabilities	$ 550,316	$ 845,531

The Corporation has the option at the end of the term of its equipment leases to purchase the equipment for a total of $265,460 or to enter into new leases. The Corporation is not reasonably certain to exercise this option and accordingly, it has not been recorded in the calculation of the Corporation's right-of-use asset and lease liability. A general security agreement and a first charge against the leased assets have been entered into as security.

6. BANK INDEBTEDNESS

At March 31, 2020, the Corporation had a demand revolving credit facility of $52.0 million (December 31, 2019 - $52.0 million). Advances under the credit facility bear interest at the bank's prime rate plus 2.75%. Collateral for the facility consists of a general security agreement, providing a first priority security interest over all present and after acquired personal property and a floating charge on all present and after acquired real property of the Corporation. At March 31, 2020, $51.0 million (December 31, 2019 - $50.5 million) was drawn against the demand revolving credit facility. Four letters of credit of approximately $0.6 million as at March 31, 2020 (December 31, 2019 - $0.6 million) have also been issued against the facility.

The amount of the credit facility is subject to a borrowing base redetermination performed on a periodic basis by the lender which is based on the lender's view of the Corporation's reserves and forward commodity prices. As the available lending limits are based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of available credit that will be determined at each scheduled review. In the event the lender demands repayment of all amounts advanced under the credit facility, other than as a result of a default under the credit facility, the Corporation shall repay $1.0 million within 90 days of such demand notice, $1.0 million within 180 days of such demand notice, $1.0 million within 270 days of such demand notice, and the balance within 365 days of such demand notice. The next review of the credit facility is currently in progress. See notes 2 and 11

At March 31, 2020, the Corporation had a capital lease facility for the purpose of financing production facilities with $1.1 million outstanding (December 31, 2019 - $1.3 million). See note 5.

Date of Lease	Amount	Remaining Term	Interest Rate	Security
April 2017	572,889	12 months	6.070%	Registered lien
August 2017	244,528	16 months	6.920%	Registered lien
September 2018	275,310	29 months	5.300%	Registered lien
	$ 1,092,727			

7. COMMITMENTS

a) At March 31, 2020, the Corporation is committed to process natural gas through third-party owned gas processing facilities in Alberta with annual payments as follows:

Year		Amount
2020	$	633,669
2021		783
	$	634,452

b) At March 31, 2020, the Corporation is committed to transport crude oil through third-party owned pipeline systems in Alberta with annual payments as follows:

Year		Amount
2020	$	228,484
2021		303,260
2022		303,260
2023		303,260
2024		304,091
2025		99,702
	$	1,542,057

c) At March 31, 2020, the Corporation is committed to transport natural gas through third-party owned pipeline systems with annual payments as follows:

Year		Amount
2020	$	2,218,067

8. DECOMMISSIONING OBLIGATIONS

The Corporation's decommissioning obligations results from its responsibility to abandon and reclaim its net share of all working interest properties. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately $23.1 million (December 31, 2019 - $27.9 million). These expenditures are expected to be made over the next 49 years with the majority of the costs being incurred between 2058 and 2069. The Corporation used a risk-free rate of 1.32 percent (December 31, 2019 – 1.76 percent) and an inflation rate of 0.89 percent (December 31, 2019 – 1.35 percent) to calculate the present value of the decommissioning obligations.

		2020		2019
Balance, beginning of period	$	13,587,421	$	15,362,754
Obligations acquired / (disposed)		-		(328,760)
Change in discount rate		(112,754)		(1,192,284)
Change in estimates		17,564		(381,092)
Accretion expense		42,912		291,513
Liabilities settled		(75,954)		(164,709)
Balance, end of period	$	13,459,189	$	13,587,421

9. SHARE CAPITAL

a) Authorized: Unlimited number of Class A voting common shares with no par value
Unlimited number of Class A voting preferred shares with a par value of $1.00 per share
Unlimited number of Class B non-voting common shares with no par value

b) Class A Voting Common Shares issued and outstanding:

	Number of Shares	Amount
Balance, December 31, 2017 and December 31, 2018	111,352,250	$ 101,896,821
Shares cancelled	(923,895)	-
Balance, December 31, 2019	110,428,355	$ 101,896,821

In September 2019, the Corporation acquired and cancelled a total of 923,895 Class A common shares from current management and staff in exchange of retiring promissory notes that were pledged against the shares in July 2016. In 2016, the Corporation recognized share-based compensation costs and contributed surplus to account for the common shares that were pledged against the promissory notes.

c) Share-based Compensation

The Corporation has established a stock option plan whereby directors, officers, employees and consultants may be granted options to purchase common shares. Stock options granted under the stock option plan have a term of five years to expiry. All of the options granted vest equally over a three year period commencing on the first anniversary date of the grant. Each stock option and granted permits the holder to purchase one common share of the Corporation at the stated exercise price. The total stock options outstanding cannot exceed 10% of the issued and outstanding common shares on a non-diluted basis. A performance warrants plan with the same parameters of the stock option plan expired during the first quarter of 2020.

The following table summarizes information about the stock options:

		Options outstanding		Options exercisable	
	Weighted Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2018	0.85	10,423,000	1.23	9,228,667	0.89
Expired	1.00	(6,915,000)	-	(6,915,000)	1.00
Vested	-	-	-	1,144,333	0.56
Granted	0.40	7,475,000	4.47	-	-
Balance, December 31, 2019	0.45	10,983,000	3.59	3,458,000	0.56
Expired	1.00	(75,000)	-	(75,000)	1.00
Forfeited	0.40 - 0.55	(235,000)	2.42	(160,000)	0.55
Granted	0.40	75,000	4.89	-	-
Balance, March 31, 2020	-	10,748,000	3.39	3,223,000	0.56

The following table summarizes the information about the performance warrants:

		Performance warrants outstanding		Performance warrants exercisable	
	Weighted Average Exercise Price ($ / share)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price ($ / share)
Balance, December 31, 2018		13,980,000	0.48	13,980,000	2.00
Expired	2.00	(13,830,000)	-	(13,830,000)	2.00
Balance, December 31, 2019		150,000	0.13	150,000	2.00
Expired	2.00	(150,000)	-	(150,000)	2.00
Balance, March 31, 2020		-	-	-	-

The fair value of the stock options issued during 2019 and first quarter of 2020 of $0.18/option was determined at the date of grant using the Black-Scholes option pricing model. Assumptions include weighted risk-free interest rates of 1.45% - 1.68%, a volatility factor of 50% and a forfeiture rate of 5%. The volatility factor was determined by a review of stock price volatility of a peer group of publicly traded companies. Upon the exercise of a stock option, the associated value will be recorded as an increase to share capital. Share-based compensation expense of $205,663 has been recognized, of which $63,660 was capitalized at March 31, 2020 (March 31, 2019 - $19,674, with $5,342 capitalized).

10. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to i) deploy capital to provide an appropriate return on investment to its shareholders; ii) maintain financial flexibility in order to preserve the Corporation's ability to meet financial obligations; and iii) maintain a capital structure that provides financial flexibility to execute on strategic opportunities throughout the business cycle.

The Corporation's strategy is designed to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Corporation considers its capital structure to include share capital, bank indebtedness and working capital deficiency. In order to maintain or adjust its capital structure, the Corporation may issue new shares, raise debt and adjust its capital spending to manage current and projected debt levels.

In order to facilitate the management of the capital expenditures and net debt, the Corporation prepares annual budgets which are updated quarterly depending upon varying factors including current and forecast crude oil and natural gas prices, capital expenditures and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Corporation's current borrowing capacity is based on the lenders' semi-annual review of the Corporation's oil and natural gas reserves. The Corporation is subject to various non-financial covenants under its credit facility.

The Corporation's share capital is not subject to external restrictions. The Corporation has not paid or declared any dividends and does not contemplate doing so in the foreseeable future. There were no changes to the Corporation's approach to capital management during the year.

11. FINANCIAL RISK MANAGEMENT

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Corporation's activities. The Corporation has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

Financial instruments

The Corporation's financial instruments recognized on the statement of financial position consists of accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and capital lease obligations. At March 31, 2020, the carrying amounts reported on the statement of financial position approximate their estimated fair values due to the short-term nature of those instruments or the indexed rate of interest on the bank indebtedness.

The Corporation classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty fails to meet its contractual obligations. The Corporation's accounts receivable are with joint interest partners and petroleum and natural gas marketers in the oil and gas industry and are subject to normal industry credit risks. The carrying amount of accounts receivable represents the Corporation's maximum credit exposure. As at March 31, 2020, the Corporation's receivables balance was $1.0 million (December 31, 2019 - $1.8 million) and consisted of $0.2 million (December 31, 2019 - $0.3 million) from joint interest partners, $0.6 million (December 31, 2019 - $1.5 million) of receivables from petroleum and natural gas marketers and $0.2 million (December 31, 2019 - $0.0 million) of miscellaneous trade receivables and GST receivables.

The Corporation considers all amounts greater than 90 days past due. At March 31, 2020, the Corporation has no material receivables outstanding greater than 90 days that are not considered to be collectible.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation regularly prepares and updates budgets and forecasts in order to monitor its liquidity and ability to meet its financial obligations and commitments. Management's forecasts for 2020 are based upon current strip pricing and indicate that cash flow will not be sufficient to repay debt in a lower commodity price environment. Volatility in commodity prices and foreign exchange rates may adversely affect the Corporation's operating results and financial position.

The Corporation is adapting to the recent outbreak of the novel coronavirus ("COVID-19") and the related economic and social disruption, volatility in financial markets, and the ability to directly and indirectly staff the Corporation's day to day operations. The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Corporation's operating results and financial position. These and other factors may adversely affect the Corporation's liquidity and ability to generate income and cash flows in the future. The current volatility in commodity prices and uncertainty regarding the timing for recovery creates inherent challenges with the preparation of financial forecasts.

Future liquidity depends on the ability of the Corporation to access debt markets, availability under credit facilities, availability of additional equity and cash flow from operations. Various industry risk factors, including uncertainty around improvements in global commodity prices and pipeline and transportation capacity constraints in Western Canada, may adversely affect the Corporation's future liquidity.

As at March 31, 2020, the Corporation has a working capital deficiency of $56.8 million (December 31, 2019 – $55.9 million), including $51.0 million drawn on its $52.0 million demand revolving loan (note 6).

The timing of cash outflows relating to financial liabilities as at March 31, 2020 is as follows:

	2020	2021	2022
Accounts payable and accrued liabilities	$ 6,388,224	$ -	$ -
Equipment lease liability	475,829	508,016	108,882
Office lease liability	156,381	139,005	-

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in commodity price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the Corporation's return. The Corporation may use both commodity price contracts and physical delivery sales contracts to manage market risks. All such transactions would be conducted within risk management tolerances that are reviewed by the Board of Directors.

- **Commodity Price Risk**

  Commodity price risk is the risk that the fair value of future cash flows will fluctuate with changes in commodity prices. The Corporation is engaged in oil and gas development and production activities in Canada and as a result has significant exposure to commodity price risk. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. As at March 31, 2020, the Corporation does not have any commodity price contracts in place to reduce its exposure to fluctuating petroleum or natural gas prices.

- **Currency Risk**

  Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Corporation's petroleum and natural gas sales are conducted in Canada and the U.S. and are denominated in Canadian and U.S. dollars. Canadian commodity prices are influenced by fluctuations in the Canadian to U.S. dollar exchange rate.

- **Interest Rate Risk**

  Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate fluctuations on its bank indebtedness which bears a floating rate of interest. The Corporation has no interest rate swap or financial contracts in place as at March 31, 2020.

12. REVENUE

Petroleum and natural gas revenue primarily consist of crude oil, natural gas and natural gas liquids. The Corporation sells its production pursuant to variable price contracts that have a term of one year or less. The transaction price for variable priced contracts is based on benchmark commodity prices, adjusted for quality, location and other factors. Revenues are typically collected on the 25th day of the month following production.

The Corporation has three main customers that are primarily crude oil and natural gas marketers in the crude oil and natural gas industry. The Corporation reviews the credit worthiness of customers prior to entering sales contracts and the financial strength of the Corporation's customers is reviewed on a routine basis.

		Three months ended March 31		
		2020		2019
Crude oil revenue	$	2,090,766	$	4,531,594
Natural gas revenue		1,599,797		4,396,518
Natural gas liquids revenue		210,529		343,886
Total petroleum and natural gas revenue	$	3,901,093	$	9,271,998

Included in accounts receivable at March 31, 2020 is $0.6 million of accrued petroleum and natural gas sales related to March 2020 production (March 31, 2019 - $2.7 million related to March 2019 production).

13. FINANCE EXPENSE

The following table summarizes the components of the Corporation's finance expense:

		Three months ended March 31		
		2020		2019
Interest on bank indebtedness	$	810,898	$	826,848
Accretion on decommissioning obligations		42,912		83,664
Lease interest expense		18,433		30,001
Finance expense	$	872,243	$	940,513

14. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital		Three months ended March 31		
		2020		2019
Accounts receivable	$	780,146	$	(541,234)
Prepaid expenses and deposits		219,120		217,766
Accounts payable and accrued liabilities		(51,872)		(1,793,078)
Change in non-cash working capital	$	947,394	$	(2,116,546)
Relating to:				
Operating activities	$	783,799	$	(936,615)
Investing activities		163,595		(1,179,931)
Change in non-cash working capital	$	947,394	$	(2,116,546)

Cash expenses paid

		2020		2019
Interest	$	813,755	$	827,136

THIS IS **EXHIBIT "5"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

Government of Alberta

Personal Property Registry
Search Results Report

Search ID #: Z12990654

Transmitting Party

Bennett Jones LLP

4500, 855 2nd Street SW
Calgary, AB T2P 4K7

Party Code: 60007906
Phone #: 403 298 3002
Reference #: 61640-13/KC/aar

Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Business Debtor Search For:

GLENOGLE ENERGY INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

8

Personal Property Registry
Search Results Report

Search ID #: Z12990654

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 09061522023
Registration Date: 2009-Jun-15

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2024-Jun-15 23:59:59

Exact Match on:	Debtor	No: 4
Inexact Match on:	Debtor	No: 3

Amendments to Registration

14052145534	Renewal	2014-May-21
20051308355	Amendment	2020-May-13

Debtor(s)

Block

1 GLENOGLE ENERGY INC.
1600-444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Deleted by
20051308355

Block

2 1651558 ALBERTA INC.
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308355

Block

3 GLENOGLE ENERGY LP
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308355

Block

4 GLENOGLE ENERGY INC.
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308355

Personal Property Registry
Search Results Report

Search ID #: Z12990654

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407-8TH AVENUE SW CALGARY, AB T2P 1E5	Deleted by 20051308355

Block		Status
2	HSBC BANK CANADA 407-8TH AVENUE SW CALGARY, AB T2P 1E5 Email: duncan.m.levy@hsbc.ca	Current by 20051308355

Collateral: General

Block	Description	Status
1	ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.	Current

σ

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 09061522042
Registration Date: 2009-Jun-15

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on:	Debtor	No: 4
Inexact Match on:	Debtor	No: 3

Amendments to Registration

20051308418	Amendment	2020-May-13

Debtor(s)

Block

1 GLENOGLE ENERGY INC.
1600-444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Deleted by
20051308418

Block

2 1651558 ALBERTA INC.
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308418

Block

3 GLENOGLE ENERGY LP
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308418

Block

4 GLENOGLE ENERGY INC.
1400 - 444 5TH AVENUE SW
CALGARY, AB T2P 2T8

Status
Current by
20051308418

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407-8TH AVENUE SW CALGARY, AB T2P 1E5	Deleted by 20051308418
2	HSBC BANK CANADA 407 - 8TH AVENUE SW CALGARY, AB T2P 1E5 Email: duncan.m.levy@hsbc.ca	Current by 20051308418

&

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 16042622084
Registration Date: 2016-Apr-26

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2021-Apr-26 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1400, 444 - 5TH AVE. S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	EAGLE HYDROCARBONS LTD. 136 EAGLE BUTTE RANCH CALGARY, AB T3Z 1K3	Current

Collateral: General

Block	Description	Status
1	Gross Overriding Royalty of 2% of all leased substances produced from certain lands pursuant to an agreement dated October 10, 1991	Current

ℱ

Personal Property Registry
Search Results Report

Search ID #: Z12990654

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 16042622433
Registration Date: 2016-Apr-26
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2021-Apr-26 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1400, 444 - 5TH AVE. S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	GLOBAL CANUCK ENERGY LTD. 136 EAGLE BUTTE RANCH CALGARY, AB T3Z 1K3	Current

Collateral: General

Block	Description	Status
1	Gross Overriding Royalty of 2% of all leased substances produced from certain lands pursuant to an agreement dated October 10, 1991	Current

ℱ

Personal Property Registry
Search Results Report

Search ID #: Z12990654

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 17042443312
Registration Date: 2017-Apr-24
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2022-Apr-24 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1600, 444 - 5TH AVENUE S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407 8 AVENUE SW 10 FLOOR CALGARY, AB T2P 1E5	Current

Collateral: General

Block	Description	Status
1	One (1) 1000 BBL Tank modifications S/N 01-061343-01	Current
2	One (1) 1000 BBL Tank modifications S/N 01-061343-02	Current
3	One (1) 400 BBL Tank modifications S/N 01-061344-01	Current
4	One (1) Water Injection Skid BD130 DNOW MTS Shop	Current
5	Recycle Pump Building - 6x8 Metal Building, Baldor Electric	Current
6	Motor S/N 399 and	Current
7	Pump-Centrifugal	Current
8	Storage/Shop Building12'x16' Metal Building, Blador Electric	Current
9	Motor, S/N W1104110715, Wilden	Current
10	M748940 Diaphragm Pump, S/N 0021369887, Craco Diaphram Pump -	Current
11	Husky 716, Wilden	Current

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12	Pump Diaphram, Baldor Electric Motor, S/N 39, Pump Baker -	Current
13	Substance Methanol, CAT	Current
14	Pumps Centrifugal Pump 290	Current
15	Compressor Building - 13.5'x21' Metal Building, S/N CGB4X7,	Current
16	Waukesha F1197GU Motor,	Current
17	S/N 382269, Joy Gas Compressor - Reciprocating Waukesha	Current
18	Engine, S/N 799502	Current
19	Instrument Air Compressor Building - Pyramid, Baldor Electric	Current
20	Motor, S/N F1210263515,	Current
21	Eagle Pump and Compressor Ltd. Air Compressor, S/N	Current
22	SC17BM03030022, (2) Blador Electric	Current
23	Motor, S/N 50909143355 & F1110263770, Quincy Air Compressor,	Current
24	Quincy 325 Air Compressor, S/N 421467,	Current
25	Honda Motor - Internal Combustion	Current
26	Dehydrator Building, S/N FG97028FD97028C, Regulator Repair	Current
27	Service Meter Run, S/N RR1026,	Current
28	Westinghouse Electric Motor, S/N LF0532070012, Union Pump -	Current
29	Centrifugal, S/N CA3649A501.	Current
30	Westinghouse Electric Motor, S/N EE0S32070001, Union Pump -	Current
31	Centrifugal, S/N CA3649A502,	Current
32	Chemical Tank, Fisher FloBoss	Current
33	1988 Westfab Oil Treater, S/N WF88076, Blador Electric Motor,	Current
34	S/N W0902130450, Pump	Current
35	Centrifugal	Current
36	Atco Line Heater Building, Metal Building c/w 1988 Alco	Current
37	750,000 Btu Line Heater,	Current
38	S/N 8C-3963-03A, 8C-3963-01A	Current
39	Energy Industires Inc CAT Gemini Gas Compressor Building -	Current
40	Wasea Metal 23'x30' Metal	Current

41	Building, S/N 95G1184, 95G1183, Gemini Gas Compressor -	Current
42	Sparton Control Panel S/N 95G1183,	Current
43	Caterpillar Motor - Internal Combustion - V12 Gas, Graco	Current
44	Husky 716 Diaphragm Pump 100-7	Current
45	PSI output Max, Wilden Diaphragm Pump S/N 0020161765	Current
46	Separator Building - 16'x27' Metal Building, S/N	Current
47	BWF01-1136WF01-1137, Daniel Meter Run - 2"	Current
48	Pipe size, S/N 01280584, Daniel Meter Run - 6" Pipe size,	Current
49	S/N 98450307, Home Made Split	Current
50	Chemical Tank,Daniel Meter Run - 6" Pipe size, S/N 01290007	Current
51	Texsteam Chemical Gas Pump, S/N AE205	Current
52	Tornadeo Technologies ILSF-B Incerator , S/N 01CSADA3XS03123	Current
53	Booster Pump B24659	Current
54	Chart Recorder D12345	Current
55	CVS Controls Model 1/4 MVB Chemical Gas Pump, S/N P03321,	Current
56	Methanol/Chemical Tank	Current
57	Chemical/Emulsion Breaker Tank	Current
58	spare parts or undocumented part of a system, S/N	Current
59	C1585153-0612	Current
60	Blador 1.5 HP Motor, S/N F1309041696	Current
61	Methanol/Chemical Tank	Current
62	Methanol/Chemical Tank	Current
63	Tornadeo Technologies Stationary Flare Stack, Electric	Current
64	Ignitor	Current
65	Tank A - Argo Sales 750 BBL Storage Tank, S/N 7241	Current
66	Tank B - Argo Sales 750 BBL Storage Tank, S/N 7242	Current
67	Tank C - Argo Sales 750 BBL Storage Tank, S/N 7243	Current
68	(2) Walkover Stairs	Current
69	Spill Control Steel Loadout Stations, Piping	Current
70	Electrical Building - Westfab Ind. 12'x17' Metal Building	Current

71	(2) Sweetening Towers, S/N 4752-20 & 4752-21	Current
72	Produced H20 Tank - 2001 Argo Sales 400BBL Storage Tank, S/N	Current
73	15709	Current
74	1988 GLM 100BBL POP Storage Tank, S/N A-9045-2	Current
75	2001 Argo Sales 100BBL POP Storage Tank, S/N 11827	Current
76	7'x12' Barrel Storage Platform Lean- to Deck w/ Steel Frame	Current
77	Separator Building - 8'x8' Metal Building, Skidded S/N	Current
78	V-15132	Current
79	6 Step Walkover Stairs	Current
80	Together with all parts, accessories and collateral now or	Current
81	hereafter attached to or forming a part thereof and all	Current
82	proceeds therefrom including all types and kinds of personal	Current
83	property including, without limitation, trade-ins, accounts,	Current
84	building materials, chattel paper, contracts, contract	Current
85	rights, documents of title, rental payments, insurance	Current
86	payments, fixtures, instruments, money, inventory, leases,	Current
87	securities, collateral and any other goods or intangibles	Current
88	received as a result of the said goods, chattels and movable	Current
89	property being sold, dealt with or otherwise disposed of.	Current

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 17042524132
Registration Date: 2017-Apr-25

Registration Type: SALE OF GOODS OR FACTORS ACT
Registration Status: Current
Expiry Date: 2022-Apr-25 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		**Status**
1	GLENOGLE ENERGY INC. 1600, 444 - 5TH AVENUE S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		**Status**
1	HSBC BANK CANADA 407 8 AVENUE SW 10 FLOOR CALGARY, AB T2P 1E5	Current

Collateral: General

Block	**Description**	**Status**
1	Recycle Pump Building - 6'x8' Metal Building, Baldor Electric	Current
2	Motor S/N 399 and	Current
3	Pump-Centrifugal	Current
4	Storage/Shop Building12'x16' Metal Building, Blador Electric	Current
5	Motor, S/N W1104110715, Wilden	Current
6	M748940 Diaphragm Pump, S/N 0021369887, Craco Diaphram Pump -	Current
7	Husky 716, Wilden	Current
8	Pump Diaphram, Baldor Electric Motor, S/N 39, Pump Baker -	Current
9	Substance Methanol, CAT	Current
10	Pumps Centrifugal Pump 290	Current
11	Compressor Building - 13.5'x21' Metal Building, S/N CGB4X7,	Current

8

12	Waukesha F1197GU Motor,	Current
13	S/N 382269, Joy Gas Compressor - Reciprocating Waukesha Engine,	Current
14	S/N 799502	Current
15	Instrument Air Compressor Building - Pyramid, Baldor Electric	Current
16	Motor, S/N F1210263515,	Current
17	Eagle Pump and Compressor Ltd. Air Compressor, S/N	Current
18	SC17BM03030022, (2) Blador Electric	Current
19	Motor, S/N 50909143355 & F1110263770, Quincy Air Compressor,	Current
20	Quincy 325 Air Compressor, S/N 421467,	Current
21	Honda Motor - Internal Combustion	Current
22	Dehydrator Building, S/N FG97028FD97028C, Regulator Repair	Current
23	Service Meter Run, S/N RR1026,	Current
24	Westinghouse Electric Motor, S/N LF0532070012, Union Pump -	Current
25	Centrifugal, S/N CA3649A501.	Current
26	Westinghouse Electric Motor, S/N EE0S32070001, Union Pump -	Current
27	Centrifugal, S/N CA3649A502,	Current
28	Chemical Tank, Fisher FloBoss	Current
29	1988 Westfab Oil Treater, S/N WF88076, Blador Electric Motor, S/N	Current
30	W0902130450, Pump	Current
31	Centrifugal	Current
32	Atco Line Heater Building, Metal Building c/w 1988 Alco 750,000	Current
33	Btu Line Heater,	Current
34	S/N 8C-3963-03A, 8C-3963-01A	Current
35	Energy Industires Inc CAT Gemini Gas Compressor Building - Wasea	Current
36	Metal 23'x30' Metal	Current
37	Building, S/N 95G1184, 95G1183, Gemini Gas Compressor - Sparton	Current
38	Control Panel S/N 95G1183,	Current
39	Caterpillar Motor - Internal Combustion - V12 Gas, Graco Husky	Current
40	716 Diaphragm Pump 100-7	Current

41	PSI output Max, Wilden Diaphragm Pump S/N 0020161765	Current
42	Separator Building - 16'x27' Metal Building, S/N	Current
43	BWF01-1136WF01-1137, Daniel Meter Run - 2"	Current
44	Pipe size, S/N 01280584, Daniel Meter Run - 6" Pipe size, S/N	Current
45	98450307, Home Made Split	Current
46	Chemical Tank,Daniel Meter Run - 6" Pipe size, S/N 01290007	Current
47	Texsteam Chemical Gas Pump, S/N AE205	Current
48	Tornadeo Technologies ILSF-B Incerator , S/N 01CSADA3XS03123	Current
49	Booster Pump B24659	Current
50	Chart Recorder D12345	Current
51	CVS Controls Model 1/4 MVB Chemical Gas Pump, S/N P03321,	Current
52	Methanol/Chemical Tank	Current
53	Chemical/Emulsion Breaker Tank	Current
54	spare parts or undocumented part of a system, S/N C1585153-0612	Current
55	Blador 1.5 HP Motor, S/N F1309041696	Current
56	Methanol/Chemical Tank	Current
57	Methanol/Chemical Tank	Current
58	Tornadeo Technologies Stationary Flare Stack, Electric Ignitor	Current
59	Tank A - Argo Sales 750 BBL Storage Tank, S/N 7241	Current
60	Tank B - Argo Sales 750 BBL Storage Tank, S/N 7242	Current
61	Tank C - Argo Sales 750 BBL Storage Tank, S/N 7243	Current
62	(2) Walkover Stairs	Current
63	Spill Control Steel Loadout Stations, Piping	Current
64	Electrical Building - Westfab Ind. 12'x17' Metal Building	Current
65	(2) Sweetening Towers, S/N 4752-20 & 4752-21	Current
66	Produced H20 Tank - 2001 Argo Sales 400BBL Storage Tank, S/N	Current
67	15709	Current
68	1988 GLM 100BBL POP Storage Tank, S/N A-9045-2	Current
69	2001 Argo Sales 100BBL POP Storage Tank, S/N 11827	Current
70	7'x12' Barrel Storage Platform Lean- to Deck w/ Steel Frame	Current

8

71	Separator Building - 8'x8' Metal Building, Skidded S/N V-15132	Current
72	6 Step Walkover Stairs	Current
73	Together with all parts, accessories and collateral now or	Current
74	hereafter attached to or forming a part thereof and all proceeds	Current
75	therefrom including all types and kinds of personal property	Current
76	including, without limitation, trade-ins, accounts, building	Current
77	materials, chattel paper, contracts, contract rights, documents	Current
78	of title, rental payments, insurance payments, fixtures,	Current
79	instruments, money, inventory, leases, securities, collateral and	Current
80	any other goods or intangibles received as a result of the said	Current
81	goods, chattels and movable property being sold, dealt with or	Current
82	otherwise disposed of.	Current

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 17081637363 Registration Type: SECURITY AGREEMENT
Registration Date: 2017-Aug-16 Registration Status: Current
Expiry Date: 2022-Aug-16 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1600, 444 - 5TH AVENUE S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407 8 AVENUE SW 10 FLOOR CALGARY, AB T2P 1E5	Current

Collateral: General

Block	Description	Status
1	Description	Current
2	Serial Number	Current
3	1999 Enerflex Compressor Pkg Building w/all parts and access.	Current
4	PKG75760	Current
5	Waukesha L5790GL 1215 HP Engine w/ all parts and access.	Current
6	C-12704/1	Current
7	Ariel JGK/4 3-stage Natural Gas Compressor w/all parts&	Current
8	acces. F-13756	Current
9	1999 Enerflex Manufacturing PULS Bottle 655 PSI w/parts/acc.	Current
10	98093-04	Current
11	1999 Enerflex Mfg PULS Bottle 655 PSI w/parts/acces.	Current

12	98093-06	Current
13	1999 Enerflex Mfg PULS Bottle 1315 PSI w/parts/acces.	Current
14	98098-08	Current
15	1999 Enerflex Mfg PULS Bottle 1315 PSI w/parts/access.	Current
16	98093-07	Current
17	1999 Enerflex Mfg Scrubber B-655 PSI w/parts/access.	Current
18	98093-02	Current
19	1999 Enerflex Mfg Scrubber B-655 PSI w/parts/access.	Current
20	98093-01	Current
21	1998 Enerflex Mfg Fuel Gas Scrubber, 285 PSI w/parts/access.	Current
22	982767-20	Current
23	Waukesha Fuel Filter - no info	Current
24	2000 Enerflex Mfg Scrubber C -1315 PSI w/parts/access.	Current
25	98093-10	Current
26	1999 Enerflex Mfg/Spartan Controls REMVue-500 Control panel	Current
27	with all parts/access.	Current
28	98073	Current
29	1998 Air-X-Changers heat exchanger Model 144EH	Current
30	985180/98093	Current
31	Together with all parts, accessories and collateral now or	Current
32	hereafter attached to or forming a part thereof and all	Current
33	proceeds therefrom including all types and kinds of personal	Current
34	property including, without limitation, trade-ins, accounts,	Current
35	building materials, chattel paper, contracts, contract	Current
36	rights, documents of title, rental payments, insurance	Current
37	payments, fixtures, instruments, money, inventory, leases,	Current
38	securities, collateral and any other goods or intangibles	Current
39	received as a result of the said goods, chattels and movable	Current
40	property being sold, dealt with or otherwise disposed of.	Current

8

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 17081638235
Registration Date: 2017-Aug-16

Registration Type: SALE OF GOODS OR FACTORS ACT
Registration Status: Current
Expiry Date: 2022-Aug-16 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1600, 444 - 5TH AVENUE S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407 8 AVENUE SW 10 FLOOR CALGARY, AB T2P 1E5	Current

Collateral: General

Block	Description	Status
1	Description Serial Number	Current
2	1999 Enerflex Compressor Pkg Building w/all parts and access.	Current
3	PKG75760	Current
4	Waukesha L5790GL 1215 HP Engine w/ all parts and access.	Current
5	C-12704/1	Current
6	Ariel JGK/4 3-stage Natural Gas Compressor w/all parts& acces.	Current
7	F-13756	Current
8	1999 Enerflex Manufacturing PULS Bottle 655 PSI w/parts/acc.	Current
9	98093-04	Current
10	1999 Enerflex Mfg PULS Bottle 655 PSI w/parts/acces. 98093-06	Current
11	1999 Enerflex Mfg PULS Bottle 1315 PSI w/parts/acces. 98098-08	Current

12	1999 Enerflex Mfg PULS Bottle 1315 PSI w/parts/access. 98093-07	Current
13	1999 Enerflex Mfg Scrubber B-655 PSI w/parts/access. 98093-02	Current
14	1999 Enerflex Mfg Scrubber B-655 PSI w/parts/access. 98093-01	Current
15	1998 Enerflex Mfg Fuel Gas Scrubber, 285 PSI w/parts/access.	Current
16	982767-20	Current
17	Waukesha Fuel Filter - no info	Current
18	2000 Enerflex Mfg Scrubber C -1315 PSI w/parts/access. 98093-10	Current
19	1999 Enerflex Mfg/Spartan Controls REMVue-500 Control panel	Current
20	with all parts/access. 98073	Current
21	1998 Air-X-Changers heat exchanger Model 144EH 985180/98093	Current
22	Together with all parts, accessories and collateral now or	Current
23	hereafter attached to or forming a part thereof and all proceeds	Current
24	therefrom including all types and kinds of personal property	Current
25	including, without limitation, trade-ins, accounts, building	Current
26	materials, chattel paper, contracts, contract rights, documents	Current
27	of title, rental payments, insurance payments, fixtures,	Current
28	instruments, money, inventory, leases, securities, collateral and	Current
29	any other goods or intangibles received as a result of the said	Current
30	goods, chattels and movable property being sold, dealt with or	Current
31	otherwise disposed of.	Current

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 18090423225 Registration Type: SECURITY AGREEMENT
Registration Date: 2018-Sep-04 Registration Status: Current
Expiry Date: 2023-Sep-04 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1600, 444 - 5TH AVENUE S.W. CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	HSBC BANK CANADA 407 8 AVENUE SW 10 FLOOR CALGARY, AB T2P 1E5	Current

Collateral: General

Block	Description	Status
1	One Compass Energy Systems Ltd. Sour (greater than 2%) gas	Current
2	package	Current
3	consisting of:	Current
4	- Ariel JGA2 two throw, two stage natural gas	Current
5	- compressor	Current
6	- -Caterpillar 3306TAW natural gas engine	Current
7	- rated 203 HP at 1800 rpm	Current
8	- Air-X Model 72AVI cooler assembly	Current
9	- Murphymatic TTD electronic control panel c/w	Current
10	- STAGE 1: Two (2) 3.375" SG-CE cylinder rated 2550 psig	Current
11	- STAGE 2: Two (2) 1.75" SG-FS-HE cylinder rated 6100 psig	Current

12	Make: CT203-RAA2-2	Current
13	Original Build Year: 2011	Current
14	Serial Number: C609 RF1	Current
15	Together with all parts, accessories and collateral now or	Current
16	hereafter attached to or forming a part thereof and all	Current
17	proceeds therefrom including all types and kinds of personal	Current
18	property including, without limitation, trade-ins, accounts,	Current
19	building materials, chattel paper, contracts, contract	Current
20	rights, documents of title, rental payments, insurance	Current
21	payments, fixtures, instruments, money, inventory, leases,	Current
22	securities, collateral and any other goods or intangibles	Current
23	received as a result of the said goods, chattels and movable	Current
24	property being sold, dealt with or otherwise disposed of.	Current

Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 20052527123
Registration Date: 2020-May-25

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2025-May-25 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1400, 444 - 5TH AVENUE SW CALGARY, AB T2P 2T8	Current

Secured Party / Parties

Block		Status
1	BIDELL GAS COMPRESSION LTD. 6900 - 112TH AVE SE CALGARY, AB T2C 4Z1	Current

Collateral: General

Block	Description	Status
1	One (1) Bidell Equipment Compressor trailer mounted compressor unit number 08-560 including (1) Ariel JGT/4 frame and (1) 3516AFRC engine. Enclosed in self-framing steel building. Includes rig mats and hoses. Together with compressor, all ancillary piping and accessories, system controls, instrumentation, valves, scrubbers, piping, hoses, mats, skids and other parts of any kind and equipment attached to or forming part of such compressor unit at any time, whether or not attached, together with the self-framing metal building in which the foregoing is contained and all components or other parts or equipment of any kind which may from time to time be incorporated or attached thereto. All rights to money or other value payable under insurance policies in respect of the foregoing. Proceeds: goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act) and insurance proceeds.	Current

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Particulars

Block	Additional Information	Status
1	This registration is a re-registration of registration 17040516573 pursuant to section 35 (7) of the Personal Property Security Act.	Current

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Business Debtor Search For:
GLENOGLE ENERGY INC.
Search ID #: Z12990654 **Date of Search:** 2020-Aug-24 **Time of Search:** 09:08:41

Registration Number: 20060221535
Registration Date: 2020-Jun-02
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2022-Jun-02 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	GLENOGLE ENERGY INC. 1400, 444 5TH AVENUE SW CALGARY, AB T2P2T8	Current

Secured Party / Parties

Block		Status
1	CANGAS PROPANE INC. 70 24 ST E SASKATOON, SK S7K4B8 Email: SCHULZ.V@CANGASPROPANE.CA	Current

Collateral: General

Block	Description	Status
1	PROPANE TANKS 8 X 1000 USWG INCLUDING ALL VALVES, REGULATORS, HOSES AND MOUNTING BLOCKS AND ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, ALL GOODS, INVESTMENT PROPERTY, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES AND MONEY (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO). SERIAL NUMBERS 7SF046201 W00026278 W00026281 W00105155 W00105158 W00105159 W00105162 W00105164	Current

Government of Alberta ■

Personal Property Registry

Search Results Report

Search ID #: Z12990654

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Debtor Name / Address	Reg.#
GLENOGLE ENERGY LP 1400 - 444 5TH AVENUE SW CALGARY, AB T2P 2T8	09061522023

SECURITY AGREEMENT

Debtor Name / Address	Reg.#
GLENOGLE ENERGY LP 1400 - 444 5TH AVENUE SW CALGARY, AB T2P 2T8	09061522042

LAND CHARGE

Result Complete

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THIS IS **EXHIBIT "6"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

BC OnLine: PPRS SEARCH RESULT 2020/08/24
Lterm: XPSP0054 For: PM40042 BENNETT JONES LLP 08:09:32

Index: BUSINESS DEBTOR
Search Criteria: GLENOGLE ENERGY INC.

**************** P P S A S E C U R I T Y A G R E E M E N T ****************

Reg. Date: MAR 10, 2014
Reg. Time: 16:13:24
Base Reg. #: 839264H

Reg. Length: 10 YEARS
Expiry Date: MAR 10, 2024
Control #: D2299484

Block#

S0001 Secured Party: HSBC BANK CANADA
407-8TH AVENUE S.W.
CALGARY AB T2P 1E5

=D0001 Base Debtor: GLENOGLE ENERGY INC
(Business) 1600-444 5TH AVENUE S.W.
CALGARY AB T2P 2T8

General Collateral:
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING, WITHOUT LIMITATION, ALL ACCOUNTS, CHATTEL PAPER, CROPS, DOCUMENTS OF TITLE, EQUIPMENT, FIXTURES, GOODS, INSTRUMENTS, INTANGIBLES, INVENTORY, LICENCES, MONEY AND INVESTMENT PROPERTY (EACH AS DEFINED IN THE BRITISH COLUMBIA PERSONAL PROPERTY SECURITY ACT), AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND OF THE DEBTOR AND ON ANY INTEREST OF THE DEBTOR IN THE LAND.

Registering
Party: MCCARTHY TETRAULT LLP
1300 777 DUNSMUIR ST.,BX 10424
VANCOUVER BC V7Y 1K2

*** Name/Address Changed on April 12, 2016 to:

Registering
Party: MCCARTHY TETRAULT LLP
SUITE 2400, 745 THURLOW STREET
VANCOUVER BC V6E 0C5

--------------- A M E N D M E N T / O T H E R C H A N G E ---------------

Reg. #: 214124M

Reg. Date: MAY 13, 2020
Reg. Time: 09:57:46

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Control #: D6765036
Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 839264H   Base Reg. Date: MAR 10, 2014

Details Description:
ADDITION OF DEBTORS.
.
BASE DEBTOR ADDRESS CHANGE.
Block#

Continued on Page 2

Search Criteria: GLENOGLE ENERGY INC.   Page: 2

*** ADDED ***
D0002 Bus. Debtor: 1651558 ALBERTA INC
1400-444 5TH AVENUE S.W.
CALGARY AB T2P 2T8

*** ADDED ***
D0003 Bus. Debtor: GLENOGLE ENERGY LP
1400-444 5TH AVENUE S.W.
CALGARY AB T2P 2T8

*** ADDED ***
D0004 Bus. Debtor: GLENOGLE ENERGY INC
1400-444 5TH AVENUE S.W.
CALGARY AB T2P 2T8

Registering
Party: NORTON ROSE FULBRIGHT CANADA LLP
SUITE 1800-510 WEST GEORGIA ST
VANCOUVER BC V6B 0M3

****

Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> END OF SEARCH <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

THIS IS **EXHIBIT** "7" REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

KENRYO Mizutani

Kenryo Mizutani
Student-at-Law

Clerk's Stamp:

COURT FILE NUMBER	
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF	CALGARY
APPLICANTS:	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, as amended AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF GLENOGLE ENERGY INC. AND GLENOGLE ENERGY LP
DOCUMENT	**CONSENT TO ACT AS MONITOR**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500, 855 – 2 Street SW Calgary, Alberta T2P 4K7 Attention: Chris Simard Telephone No.: 403-298-4485 Fax No.: 403-265-7219 Client File No.: 61640.13

TAKE NOTICE THAT Ernst & Young Inc. hereby consents to act as Court-appointed Monitor of Glenogle Energy Inc. and Glenogle Energy LP pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

DATED at Calgary, Alberta and effective this 30th day of August, 2020.

Ernst & Young Inc.

Per: __________________
Name: Neil Narfason

WSLEGAL\061640\00013\25448810v1

THIS IS **EXHIBIT "8"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 31ST DAY OF AUGUST, 2020.

Kenryo Mizutani

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law

REMOTE COMMISSIONING CERTIFICATE

CANADA
PROVINCE OF ALBERTA

I, KENRYO MIZUTANI, a Commissioner for Oaths in and for Alberta, DO HEREBY CERTIFY that:

1 The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 (the "Process") has been followed for the attached affidavit; and

2 I am satisfied that the Process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and me to be physically present together.

DATED at Calgary, Alberta this 31st day of August, 2020.

Kenryo Mizutani

Kenryo Mizutani
A Commissioner for Oaths in and for Alberta

KENRYO MIZUTANI

Kenryo Mizutani
Student-at-Law