CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THIRD QUARTER
ENDED SEPTEMBER 30, 2019

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars; unaudited)					
As At:			**September 30, 2019**		December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**812**	$	22
Restricted cash			**310**		310
Accounts receivable			**1,140**		263
Prepaid expenses and deposits			**70**		15
Fair value of risk management contracts			**107**		-
			2,439		610
Non-current assets					
Exploration and evaluation	*(Note 5)*		**1,498**		1,498
Property, plant and equipment	*(Note 6)*		**15,538**		15,147
Total Assets		**$**	**19,475**	$	17,255
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**2,313**	$	787
Lease obligations	*(Note 7)*		**42**	$	-
			2,355		787
Non-current liabilities					
Lease obligations	*(Note 7)*		**427**		-
Decommissioning obligation	*(Note 8)*		**10,465**		10,066
			10,892		10,066
Shareholders' equity					
Share capital	(Note 9)		**12,327**		12,326
Warrants	(Note 9)		**7,339**		4,201
Contributed Surplus			**523**		44
Deficit			**(13,961)**		(10,169)
			6,228		6,402
Total Liabilities and Shareholders' Equity		**$**	**19,475**	$	17,255

Commitments	*(Note 12)*
Subsequent event	*(Note 11)*

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

CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Expressed in thousands of Canadian dollars except for per share information; unaudited)		Three months ended September 30		Nine months ended September 30	
		2019	2018	**2019**	2018
Revenues					
Oil and natural gas	*(Note 4)*	**$ 1,386**	$ 2,355	**$ 5,021**	$ 6,523
Royalties		**(231)**	(494)	**(852)**	(1,477)
		1,155	1,861	**4,169**	5,046
Realized loss on risk management contracts	*(Note 11)*	**(16)**	(190)	**(28)**	(320)
Unrealized gain (loss) on risk management contracts	*(Note 11)*	**(10)**	(106)	**33**	(931)
Other income		**191**	173	**385**	281
		1,320	1,738	**4,559**	4,076
Expenses					
Operating		**852**	982	**2,514**	2,809
Transportation		**157**	183	**432**	418
General and administrative		**211**	60	**695**	167
Share-based compensation	*(Note 10)*	**120**	9	**196**	29
Depletion and depreciation	*(Note 6)*	**329**	427	**926**	1,165
		1,669	1,661	**4,763**	4,588
Income (loss) from operations		**(349)**	77	**(204)**	(512)
Finance expense		**(58)**	(56)	**(167)**	(160)
Net income (loss) and comprehensive income (loss)		**(407)**	21	**(371)**	(672)
Net income (loss) per share					
Basic and diluted	*(Note 9)*	**$ (0.04)**	0.00	**(0.03)**	(0.00)

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in thousands of Canadian dollars; unaudited)		Share Capital	Warrants	Contributed Surplus	Net Investment in Cardium Oil Properties	Deficit	Total Equity
Balance at December 31, 2017		$ -	$ -	$ -	$ 36,266	$ (19,862)	$ 16,404
Net contributions to Ikkuma		-	-	-	(555)	-	(555)
Share-based compensation		-	-	44		-	44
Net loss		-	-	-	-	(672)	(672)
Balance at September 30, 2018		$ -	$ -	$ 44	$ 35,711	$ (20,534)	$ 15,221
Net distributions to Ikkuma		-	-	-	(350)	-	(350)
Issue of common shares and warrants by way of plan of arrangement	*(Note 9)*	12,326	4,201	-	(35,361)	18,834	-
Share-based compensation		-	-	-	-	-	-
Net loss		-	-	-	-	(8,469)	(8,469)
Balance at December 31, 2018		$ 12,326	$ 4,201	$ 44	$ -	$ (10,169)	$ 6,402
Share-based compensation	*(Note 10)*	-	-	196	-	-	196
Extension of warrant expiration date	*(Note 9)*	-	3,421	-	-	(3,421)	-
Transfer on expiry or exercise of warrants	*(Note 9)*	1	(283)	283	-	-	1
Loss for the period		-	-	-	-	(371)	(371)
Balance at September 30, 2019		**$ 12,327**	**$ 7,339**	**$ 523**	**$ -**	**$ (13,961)**	**$ 6,228**

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars; unaudited)		Three months ended September 30		Nine months ended September 30	
		2019	2018	**2019**	2018
Operating activities					
Net income (loss)		**$ (407)**	$ 21	**$ (371)**	$ (672)
Depletion and depreciation		**329**	427	**926**	1,165
Share-based compensation		**120**	9	**196**	29
Unrealized loss (gain) on risk management contracts		**10**	106	**(33)**	931
Finance expense		**58**	56	**167**	160
Changes in non-cash working capital		**71**	(310)	**61**	(528)
Cash provided by operating activities		**181**	309	**946**	1,085
Financing activities					
Payments on lease obligations	*(Note 7)*	**(19)**	-	**(57)**	-
Exercise of warrants	*(Note 9)*	-	-	**1**	-
Net Investment in Cardium Oil Properties		**-**	(270)	**-**	(555)
Cash used in financing activities		**(19)**	(270)	**(56)**	(555)
Investing activities					
Property, plant and equipment expenditures	*(Note 6)*	**(406)**	(39)	**(559)**	(313)
Changes in non-cash working capital		**374**	-	**459**	(217)
Cash used in investing activities		**(32)**	(39)	**(100)**	(530)
Change in cash and cash equivalents		**130**	-	**790**	-
Cash & cash equivalents, beginning of period		**682**	-	**22**	-
Cash & cash equivalents, end of period		**$ 812**	**$ -**	**$ 812**	**$ -**

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019 and September 30, 2018.
(Expressed in thousands of Canadian dollars except per share amounts; unaudited)

1. REPORTING ENTITY

The principle business activity of Briko Energy Corp. ("Briko" or the "Corporation") is the exploration, development and production of petroleum and natural gas resources located in the foothills of Alberta. The Corporation is headquartered in Calgary and is an Alberta-based reporting entity. The principal address of Briko is located at 1710, 736 – 6th Avenue S.W. Calgary, AB, T2P 3T7. The registered address of Briko is located at 1900, 520-3rd Avenue S.W. Calgary, AB, T2P 0R3. Briko was incorporated under the Business Corporations Act (Alberta) on August 13, 2018 as 2136884 Alberta Ltd. On September 11, 2018, Articles of Amendment were filed to change the name of the Corporation to Briko Energy Corp.

On December 20, 2018, Ikkuma Resources Corp. ("Ikkuma"), Pieridae Energy Limited ("Pieridae"), and Briko, at that time a wholly-owned subsidiary of Ikkuma, completed a plan of arrangement under the Business Corporations Act (Alberta), whereby Pieridae acquired all of the issued and outstanding shares of Ikkuma.

Pursuant to the Arrangement, Ikkuma shareholders received 0.1 of a share of Briko for each Ikkuma common share and 0.1 of a common share purchase warrant of Briko. Each whole warrant will entitle the holder to acquire one common share of Briko at an exercise price of $1.10 per share at any time on or before June 28, 2019 (see Note 9 on the extension of the expiry date). The warrants previously held in Ikkuma were also allocated to Briko based on the outstanding warrants at Ikkuma at a factor of 0.157 on the strike price and a factor of 0.1 of the number of warrants.

Pursuant to an asset conveyance agreement (the "Conveyance Agreement") between Briko and Ikkuma made as of September 21, 2018, Ikkuma assigned and transferred to Briko certain interests in its Cardium light-oil focused Alberta Foothills properties (the "Cardium Oil Properties") for nine common shares.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") and have been prepared following the same accounting policies and methods of computation in the Corporation's annual financial statement for the year ended December 31, 2018, except for as stated below. The condensed interim financial statements do not include certain disclosures that are required to be included in annual financial statements and they should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

These condensed interim financial statements were authorized for issuance by Briko's Board of Directors on November 29, 2019.

Certain comparative numbers have been reclassified to conform to current presentation.

3. CHANGE IN ACCOUNTING POLICIES

The Corporation has applied the following new accounting pronouncement in preparing the September 30, 2019 unaudited condensed interim financial statements. The Corporation has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of IFRS 16 - Leases

The Corporation adopted IFRS 16 using the modified retrospective approach, and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative effect of initially applying the standard was recognized through $0.2 million in right-of-use assets (included in "Property, plant and equipment") and $0.2 million in lease obligations. The weighted average incremental borrowing rate used to calculate the lease obligations at adoption was 6.0%. The right-of-use assets and lease obligations recognized relate to the Corporation's leases for oil well equipment leases.

The adoption of IFRS 16 included the following elections:

- The Corporation elected to use hindsight in determining the lease term where the contract contains terms to extend or terminate the lease;
- The Corporation elected to account for leases with a remaining term of less than 12 months at January 1, 2019 as short-term leases;
- The Corporation elected to account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of a lower dollar value;
- The Corporation elected to apply a single discount rate to a portfolio of leases with similar characteristics; and
- The Corporation recognized lease liabilities at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the Corporation's incremental borrowing rate as at January 1, 2019. The associated right-of-use assets will be measured at the amount equal to the lease liability on the date of transition, with no impact to opening retained earnings (deficit).

As a result of the adoption of IFRS 16 Leases, the Corporation has revised its accounting policy for leases as follows:

Contracts where the Corporation obtains the right to control the use of an identified asset in exchange for consideration are determined to contain a lease. At commencement, a right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the lease term. The corresponding lease obligation is equal to the present value of the future lease payments. Interest expense is recognized on the lease obligations using the effective interest rate method. These payments are applied against the lease obligations.

The Corporation is required to make judgements and assumptions on incremental borrowing rates and lease terms. The carrying balance of the right-of-use assets, lease obligations, interest and depreciation expense may differ due to changes in market conditions and expected lease terms. Incremental borrowing rates are based on the Corporation's estimated borrowing rate at the commencement date of the lease, the security of the asset and market conditions. Lease terms are based on management's assumptions of future market conditions and operational decisions.

4. OIL AND NATURAL GAS REVENUE

The Corporation's major revenue sources are comprised of sales from the production of light oil, natural gas and natural gas liquids ("NGLs"). The sale of these products is recognized when control of the product transfers to the customer and the cash collection is reasonably probable, upon delivery of the product. The sale of produced commodities are under contracts of varying terms of up to three years. Revenues are typically collected on the 25th day of the month following production. Product sales are based on fixed or variable price contracts. Transaction prices for variable priced contracts are based on benchmark commodity prices and other variable factors, including quality differentials and location.

Gross Revenue	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**2019**	2018	**2019**	2018
Major product lines				
Light oil	**$ 954**	$ 1,428	**$ 3,119**	$ 4,298
Natural gas	**226**	447	**1,104**	1,155
NGLs	**206**	480	**798**	1,070
Oil and natural gas revenue	**$ 1,386**	$ 2,355	**$ 5,021**	$ 6,523

The Corporation generates gas processing income for fees charged to third parties provided at facilities where Briko has an ownership interest. This revenue is classified as 'other income' on the statement of income (loss) and comprehensive income (loss).

5. EXPLORATION AND EVALUATION

(thousands of dollars)		
At December 31, 2017	$	1,498
Transfers to property, plant and equipment		-
At December 31, 2018 and September 30, 2019	**$**	**1,498**

Exploration and evaluation ("E&E") assets consist of the Corporation's undeveloped land, seismic and exploration projects, which are pending the determination of technical feasibility and commercial viability.

At September 30, 2019, the Corporation determined that no indicators of impairment existed on E&E assets, therefore an impairment test was not performed.

6. PROPERTY, PLANT AND EQUIPMENT

Cost *(thousands of dollars)*		
At December 31, 2017	$	44,903
Additions		332
Change in decommissioning obligations		532
At December 31, 2018		45,767
Additions		559
Increase in right-of-use assets		512
Change in decommissioning obligations		246
At September 30, 2019	**$**	**47,084**

Accumulated Depletion and Depreciation *(thousands of dollars)*		
At December 31, 2017	$	20,220
Depletion and depreciation		1,550
Impairment		8,850
At December 31, 2018		30,620
Depletion and depreciation		926
At September 30, 2019	**$**	**31,546**

Net Book Value *(thousands of dollars)*		
At December 31, 2018	$	15,147
At September 30, 2019	**$**	**15,538**

At September 30, 2019, future development costs of Briko's proved plus probable reserves of $16.4 million were included in the depletion calculation (December 31, 2018 – $16.4 million). Residual value of $1.2 million (December 31, 2018 – $1.2 million) was excluded from the depletion calculation.

At September 30, 2019, the Corporation determined that no indicators of impairment existed on property, plant & equipment assets, therefore an impairment test was not performed.

7. LEASES

On transition to IFRS 16, the Corporation recognized additional right-of-use assets and lease obligations. The following tables summarize the impact of the transition and the activity in the period. The right-of-use assets and depreciation are included in property, plant & equipment.

Right-of-use assets

(thousands of dollars)		
At January 1, 2019	$	238
Additions		274
Depreciation		(26)
At September 30, 2019	**$**	**486**

Lease Obligations

(thousands of dollars)		
At January 1, 2019	$	238
Additions		274
Lease interest expense		14
Lease payments		(57)
At September 30, 2019	**$**	**469**
Current portion		42
Long term portion		427

The Corporation's lease obligations of $0.2 million at January 1, 2019 exclude commitments for firm transportation (note 12) as they do not meet the definition of a lease as a result of the Corporation's inability to receive substantially all of the asset's economic benefit.

8. DECOMMISSIONING OBLIGATION

(thousands of dollars)		**Nine Months Ended September 30, 2019**		Year ended December 31, 2018
Decommissioning obligation, beginning of period	**$**	**10,066**	$	9,319
Change in estimated future cash outflows		**246**		532
Accretion expense		**153**		215
Decommissioning obligation, end of period	**$**	**10,465**	$	10,066

The Corporation's decommissioning obligations result from net ownership interests in petroleum and natural gas assets including well sites and processing facilities. The Corporation estimates the total undiscounted amount of cash flows required to settle its decommissioning obligations is approximately $14.6 million (December 31, 2018 – $14.6 million). As at September 30, 2019, a risk free rate of 2.0% (December 31, 2018 – 2.15%) and an inflation rate of 2.0% (December 31, 2018 – 2.0 %) was used to calculate the fair value of the decommissioning obligations.

9. SHARE CAPITAL

Authorized

The Corporation has an unlimited number of common shares with the holders of common shares entitled to one vote per share and an unlimited number of preferred shares issuable in series, with rights and privileges to be designated by the Board of Directors at the time of issuance. As at September 30, 2019 there were no preferred shares outstanding.

Issued and outstanding common shares

(thousands of dollars except share amounts)	**Nine Months Ended September 30, 2019**			Year Ended December 31, 2018		
	Common Shares		**Amount**	Common Shares		Amount
Balance beginning of the period	**11,205,816**	**$**	**12,326**	-	$	-
Common shares issued on incorporation	-		-	1		-
Common shares issued on date of Conveyance Agreement	-		-	9		-
Common shares cancelled	-		-	(10)		-
Common shares issued – warrant exercise	**810**		**1**	-		-
Net Common shares issued by way of Plan of Arrangement	-		-	11,205,816		12,326
Balance end of the period	**11,206,626**	**$**	**12,327**	11,205,816	$	12,326

On December 20, 2018, Briko issued 11,205,816 common shares in the initial treasury order related to the Plan of Arrangement for $12.3 million. The original shares issued from Briko's incorporation and the Conveyance Agreement in September 2018 were redeemed and cancelled as part of the Plan of Arrangement. Share capital was assigned a value of $1.10 per share.

During the period ended September 30, 2019, a total of 810 Common share purchase warrants were exercised at $1.10 per share.

Warrants

As described in Note 1, the Corporation issued 11,205,816 warrants in connection with Plan of Arrangement on December 20, 2018. Each whole warrant entitles the holder to acquire one common share of Briko ("Common share purchase warrant") at an exercise price of $1.10 per share at any time on or before June 28, 2019. On April 29, 2019, Briko's Board of Directors approved an extension to the expiry date of the Common share purchase warrants from June 28, 2019 to June 26, 2020.

Ikkuma had 6,750,000 warrants outstanding to Alberta Investment Management Corporation ("AIMCo warrants") at an exercise price of $0.86 per share and an expiry date of May 25, 2020. Ikkuma also had 3,333,333 vested warrants ("Performance warrants") outstanding at an exercise price of $1.00 per share and an expiry date of May 22, 2019. Pursuant to the Arrangement, Briko issued 675,000 warrants to AIMCo warrant holders and Briko entered into documentation providing for the issuance of 333,333 warrants to the Performance warrant holders on December 20, 2018. The warrants were issued based on the outstanding warrants at Ikkuma at a factor of 0.157 on the strike price and a factor of 0.1 on the number of warrants. In addition, the warrantholders of the AIMCo warrants and Performance warrants were also issued the right to receive the Common share purchase warrant ("AIMCo warrant right" and "Performance warrant right") if the AIMCo warrants and/or Performance warrants are exercised prior to June 28, 2019. On April 29, 2019, Briko's Board of Directors approved an extension to the expiry date of the Common share purchase warrants from June 28, 2019 to June 26, 2020. The AIMCo warrant rights and Performance warrant rights will expire on the date of their respective warrant expiry date if the warrants are not exercised.

At December 31, 2018, the warrants had an assigned value of $4.2 million based on a Black-Scholes pricing model using a stock price of $1.10 per share, volatility rate of 100% and a risk free interest rate of 1.92%. During the period ended September 30, 2019, the common share purchase warrants, AIMCo warrant rights and Performance warrant rights were revalued due to the extension of the expiry date to June 26, 2020 resulting in a $3.4 million increase to the assigned value.

During the period ended September 30, 2019, a total of 810 Common share purchase warrants were exercised at $1.10 per share. The 333,333 Performance warrants and the 333,333 Performance warrant rights were not exercised and therefore expired on May 22, 2019.

The following table outlines the Corporation's warrants outstanding at September 30, 2019:

(thousands of dollars except share amounts)	Number	Exercise price	Expiry Date		Fair Value
Common share purchase warrant	11,205,006	$1.10	June 26, 2020	$	6,565
AIMCo warrants	675,000	$1.35	May 25, 2020		295
AIMCo warrant rights[(1)]	675,000	$1.10	June 26, 2020		479
Total	**12,555,006**			**$**	**7,339**

(1) The AIMCo warrant rights will expire on the expiry date of the AIMCo warrants of May 25, 2020 if the AIMCo warrants are not exercised.

Per share amounts

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the three months ended September 30, 2019 was 11,206,626 (three months ended September 30, 2018 – N/A). The weighted average shares outstanding for the nine months ended September 30, 2019 was 11,206,334 (September 30, 2018 – N/A).

The diluted income per share calculations for the three and nine months ended September 30, 2019 was not affected by the warrants or options as they are anti-dilutive. There were no warrants or options outstanding at September 30, 2018.

10. SHARE-BASED COMPENSATION

The Corporation has a stock option plan for directors, employees and service providers. Stock options granted under the stock option plan have a term of 5 years to expiry. One third of the options granted vest on each of the first, second and third anniversaries of the date of grant. At September 30, 2019 the Corporation had 950,000 options outstanding with a weighted average exercise price of $1.10 per share.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

The following tables summarize the information about the stock options:

Share-Based Compensation	Weighted Average Exercise Price	Stock Options
As at December 31, 2018	$ -	-
Granted	1.10	950,000
As at September 30, 2019	**$ 1.10**	**950,000**

The following table summarizes stock options outstanding and exercisable at September 30, 2019:

	Stock Options Outstanding			Stock Options Exercisable		
Exercise Price per Share	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Options	Weighted Avg Exercise Price	Weighted Avg Remaining Life (years)
$ 1.10	950,000	$ 1.10	4.59	-	$ -	-
	950,000	**$ 1.10**	**4.59**	**-**	**$ -**	**-**

The following table discusses the assumptions used in the Black-Scholes option pricing model to calculate the value of the stock options granted during the period ended September 30, 2019:

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Assumptions		
Risk free interest rate (%)	**1.46**	-
Option life (years)	**5.00**	-
Forfeiture rate (%)	**0.00**	-
Volatility (%)	**100.00**	-
Results		
Weighted average fair value of each stock option granted	**$ 0.82**	$ -

The following summarizes the Corporation's share-based compensation:

(thousands of dollars)	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Gross costs	**$ 120**	$ 15	**$ 196**	$ 44
Capitalized costs	**-**	(6)	**-**	(15)
Share-based compensation	**$ 120**	$ 9	**$ 196**	$ 29

11. FINANCIAL RISK MANAGEMENT

Risk Management Contracts

It is the Corporation's policy to economically hedge some oil and natural gas sales through the use of various financial forward sales risk management contracts. The Corporation does not apply hedge accounting for these contracts. The Corporation's production is sold using "spot" or near term contracts, with prices fixed at the time of transfer of custody or on the basis of a monthly average market price. Briko does not enter into commodity contracts other than to meet the Corporation's expected sales requirements.

The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates. These instruments are considered level two under the fair value hierarchy. The fair value of forward contracts and swaps is determined by discounting the difference between the contracted prices and published forward price curves as at the date of the statement of financial position, using the remaining contracted oil and natural gas volumes and a risk-free interest rate (based on published government rates).

At September 30, 2019, the Corporation held the following risk management commodity contracts:

Light Oil (WTI $Cdn)

Remaining Term	Option Traded	Volume (bbl/d)	Strike Price
October 1, 2019 - December 31, 2019	Put Acquired	100	$70.00/bbl
January 1, 2020 - June 30, 2020	Put Acquired	100	$65.00/bbl

Subsequent to September 30, 2019, the Corporation entered into the following risk management commodity contract:

Natural Gas (AECO $Cdn)

Remaining Term	Option Traded	Volume (GJ/d)	Strike Price
November 1, 2019 – March 31, 2020	Put Acquired	1,500	$2.00/GJ
April 1, 2020 – September 30, 2020	Put Acquired	1,000	$1.50/GJ

The following table provides a summary of how risk management contracts are classified on the statement of financial position:

(thousands of dollars) **As at:**	**September 30, 2019**	December 31, 2018
Current assets	**$** 107	**$** -

In addition to the risk management contracts above, the Corporation has entered into physical delivery sales contracts to manage commodity risk. These contracts are considered normal sales contracts and are not recorded at fair value in the condensed interim financial statements.

The Corporation has the following physical commodity contracts in place at September 30, 2019:

Natural Gas Basis Differential

Remaining Term	Type	Volume (MMBtu/d)	Price (NYMEX less US$/MMBtu)
October 1, 2019 – October 31, 2021	Basis Differential	750	($1.675)/MMBtu

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meets its financial obligations as they become due. The Corporation's approach to managing liquidity is to ensure that they will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions, without incurring unacceptable losses or risking harm to the Corporation's reputation. The Corporation's financial liabilities include accounts payable and accrued liabilities that are due within the next year. At September 30, 2019, the Corporation had no debt outstanding. To manage liquidity risk, the Corporation will seek to issue equity, issue debt or operate within cash flow.

Capital Management

The Corporation's objective when managing capital is to maintain a flexible capital structure that will allow it to execute on its capital expenditure program, which includes expenditures on oil and gas activities that may or may not be successful.

Therefore, the Corporation monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure. The Corporation's share structure includes shareholders' equity and working capital. The Corporation monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve long-term objectives. To manage the capital structure, the Corporation may adjust capital spending, hedge future revenue and costs, issue new equity or issue debt.

12. COMMITMENTS

(thousands of dollars)	2019	2020	2021	2022	2023	Thereafter	Total
Office Lease	$ 7	$ 104	$ 119	$ 11	$ -	$ -	$ 241
Firm transportation	39	154	105	98	98	219	713
Total	**$ 46**	**$ 258**	**$ 224**	**$ 109**	**$ 98**	**$ 219**	**$ 954**