



Briko Energy Corp. Announces Second Quarter 2020 Financial and Operating Results

Calgary, Alberta – August 24, 2020 – Briko Energy Corp. (“Briko” or the “Corporation”) is pleased to report its financial and operating results for the three and six months ended June 30, 2020. Financial and operational information is set out below and should be read in conjunction with Briko’s June 30, 2020 condensed unaudited interim financial statements and the related management’s discussion and analysis (“MD&A”). Briko’s condensed unaudited interim financial statements and MD&A are available for review at www.sedar.com and on the Corporation’s website at www.brikoenergy.com.

FINANCIAL AND OPERATING RESULTS

- Average daily production of 600 boe per day for the three months ended June 30, 2020 compared to 715 boe per day for the three months ended June 30, 2019.
- Approximately 50 barrels per day of oil production was shut in during the second quarter of 2020 due to the 35% decrease in the Corporation’s revenue per boe from the significant reduction in global oil prices.
- Decreased net operating expenses per boe by 12% to \$9.50/boe for the three months ended June 30, 2020 as compared to \$10.82/boe for the three months ended June 30, 2019.
- Decreased G&A expenses per boe by 44% to \$2.32/boe for the three months ended June 30, 2020 as compared to \$4.12/boe for the three months ended June 30, 2019.
- Adjusted funds flow for the three months ended June 30, 2020 of \$185,000 (\$0.02/share) compared to \$372,000 (0.04/share) for the three months ended June 30, 2019.
- Maintained a strong Liability Management Rating (“LMR”) of 7.9 at June 30, 2020.

<i>(Expressed in thousands of Canadian dollars except per boe and share amounts)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
OPERATIONS				
Average daily production				
Light oil (bbl/d)	85	176	112	178
Natural gas (mcf/d)	2,742	2,801	2,504	2,693
NGLs (bbl/d)	58	72	55	65
Total equivalent (boe/d)	600	715	584	692
Average prices				
Light oil (\$/bbl)	\$ 57.09	\$ 71.16	\$ 57.29	\$ 67.11
Natural gas (\$/mcf)	1.70	1.20	1.66	1.80
NGLs (\$/bbl)	21.54	52.00	32.99	50.56
Operating netback				
Revenue (\$/boe)	\$ 17.92	\$ 27.45	\$ 21.16	\$ 29.03

Realized gain (loss) on risk management contracts (\$/boe)	2.97	(0.18)	1.74	(0.09)
Royalties (\$/boe)	(3.71)	(3.72)	(3.93)	(4.96)
Net operating expenses ⁽¹⁾ (\$/boe)	(9.50)	(10.82)	(10.69)	(11.73)
Transportation expenses (\$/boe)	(1.95)	(2.08)	(2.06)	(2.19)
Operating netback ⁽¹⁾ (\$/boe)	\$ 5.73	\$ 10.65	\$ 6.22	\$ 10.06

FINANCIAL

Oil and natural gas revenues ⁽²⁾	\$ 978	\$ 1,786	\$ 2,248	\$ 3,635
Operating income ⁽¹⁾	312	692	660	1,259
Cash provided by operating activities	452	207	761	765
Per share – basic and diluted	0.04	0.02	0.07	0.07
Adjusted funds flow ⁽¹⁾	185	424	372	775
Per share – basic and diluted	0.02	0.04	0.03	0.07
Net income (loss) and comprehensive income (loss)	(458)	31	(3,069)	36
Per share – basic and diluted	(0.04)	0.00	(0.27)	0.00
Capital expenditures	5	128	30	153
Net working capital ⁽¹⁾	337	408	337	408
Shares outstanding ('000s)	11,211	11,207	11,211	11,207
Weighted average shares outstanding basic and diluted ('000s)	11,207	11,207	11,207	11,206

⁽¹⁾ Operating netback, operating income, net operating expenses, adjusted funds flow and net working capital are non-IFRS measures. See "Non-IFRS Measures".

⁽²⁾ Before royalties.

GUIDANCE

Briko's estimated production for the third quarter of 2020 is in the range of 525 – 575 boe/d and 2020 estimated production is in the range of 500 - 600 boe/d. Briko continues to establish a prudent capital expenditure program focussed on maintenance and optimization initiatives that is anticipated to be funded by adjusted funds flow for 2020.

ANNUAL GENERAL MEETING

Briko's annual general meeting (the "Meeting") is scheduled for 9:00 am (MST) on September 9, 2020. In response to the COVID-19 pandemic, the Corporation encourages Shareholders and proxyholders not to attend the meeting in person and has decided to offer shareholders an opportunity to listen to the business to be conducted at the Meeting by teleconference. Shareholders not attending in person must vote on the matters not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time of the Meeting. Further instructions on how to listen to the Meeting and how to vote in advance of the Meeting are contained in Briko's management information circular that is posted on the Corporation's website and on SEDAR. In line with Briko's commitment to safety, in-person attendance by directors and senior management of Briko will be limited and will be subject to the orders, limitations, advice and guidance of the federal and provincial health ministries and other governmental authorities. Accordingly, Briko expects to only have a minimum number of in-

person attendees present to conduct the formal business of the Meeting and does not intend to provide a corporate presentation after the Meeting.

About Briko Energy Corp.

Briko Energy Corp. is an Alberta Foothills Cardium focused company with undeveloped land, crude oil and natural gas reserves and a production base with associated infrastructure. Corporate information can be found at: www.brikoenergy.com.

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Forward-Looking Statements and Information and Cautionary Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws including, without limitation, those listed under “Risk Factors” and “Forward-looking Statements and Information” in its filings available on SEDAR at www.sedar.com. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify forward-looking statements or information. Forward-looking statements and information in this press release includes, but is not limited to, Briko’s estimated production for the third quarter of 2020, estimated production for 2020 and the anticipated funding of the capital expenditure program by adjusted funds flow in 2020. In addition, management’s assessment of future plans and operations, drilling plans, and the timing thereof, capital expenditures, timing of capital expenditures, and methods of financing capital expenditures and the ability to fund financial liabilities, production estimates, expected commodity mix and prices, future operating costs, future transportation costs, expected royalty rates, general and administrative expenses, interest rates, debt levels, funds flow from (used in) operations and the timing of and impact of implementing accounting policies, estimates regarding undeveloped land position and estimated future drilling, completion, recompletion or reactivation locations may constitute forward-looking statements and information under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefit of acquisitions, the inability to fully realize the benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and inability to access sufficient capital from internal and external sources. As a consequence, the Corporation’s actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information is based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Briko believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Briko cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature

they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include but are not limited to the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; failure to obtain necessary regulatory approvals for planned operations; health, safety and environmental risks; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; volatility of commodity prices, currency exchange rate fluctuations; imprecision of reserve estimates; and competition from other explorers) as well as general economic conditions, stock market volatility, and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.

In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements and information contained in this press release are made as of the date hereof and Briko undertakes no obligation to update publicly or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-IFRS Measures

This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Adjusted funds flow, operating netback, operating income, net operating expenses and net working capital (deficiency) are not recognized measures under IFRS. Management believes that in addition to net income (loss), adjusted funds flow, operating income and operating netback are useful supplemental measures that demonstrate the Corporation's ability to generate the cash necessary to fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss), determined in accordance with IFRS, as an indication of Briko's performance. Adjusted funds flow is calculated by adjusting net income (loss) for depletion and depreciation, exploration and evaluation expense, impairment, gain (loss) on sale of property, plant and equipment, share-based payments, unrealized gain (loss) on risk management contracts, accretion and expenditures on decommissioning obligations. Operating netback equals the total of oil and natural gas sales, realized gains or losses on risk management contracts, less royalties, transportation and net operating expenses as calculated on a boe basis. Operating income is calculated in the same method as the operating netback, but is presented on a total basis rather than on a boe basis. Net operating expense is a non-IFRS measure calculated as operating expenses less other income. Other income includes gas processing income earned from fees charged to third parties at facilities where Briko has an ownership interest. Net working capital (deficiency) includes total current assets and current liabilities excluding current lease obligations and short-term derivative assets and liabilities related to the Corporation's risk management activities.

Oil and Gas Advisory

In this press release, the abbreviation BOE means a barrel of oil equivalent derived by converting gas to oil in the ratio of 6 Mcf of gas to 1 bbl of oil (6 Mcf:1 bbl). BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf:1 bbl, utilizing a conversion ratio on a 6 Mcf of gas to 1 bbl of oil basis may be misleading as an indication of value.