CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THIRD QUARTER
ENDED SEPTEMBER 30, 2020

Notice: The condensed interim financial statements and notes thereto for the three and nine months ending September 30, 2020 have not been reviewed by the Corporation's external auditors

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars; unaudited)					
As At:			**September 30, 2020**		December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**1,217**	$	622
Restricted cash	*(Note 5)*		**428**		1,928
Accounts receivable			**680**		1,108
Prepaid expenses and deposits			**129**		97
Fair value of risk management contracts	*(Note 13)*		**13**		37
			2,467		3,792
Non-current assets					
Property, plant and equipment	*(Note 6)*		**11,813**		14,248
Total Assets		**$**	**14,280**	$	18,040
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**1,961**	$	2,209
Lease obligations	*(Note 7)*		**81**	$	78
Acquisition credit facility	*(Note 8)*		**-**		1,500
			2,042		3,787
Non-current liabilities					
Long term debt	*(Note 9)*		**40**		-
Lease obligations	*(Note 7)*		**400**		461
Decommissioning obligation	*(Note 10)*		**10,725**		9,718
			11,165		10,179
Shareholders' equity					
Share capital	*(Note 11)*		**12,332**		12,327
Warrants	*(Note 11)*		**-**		7,339
Contributed Surplus			**8,232**		643
Deficit			**(19,491)**		(16,235)
			1,073		4,074
Total Liabilities and Shareholders' Equity		**$**	**14,280**	$	18,040

Commitments	*(Note 14)*
Subsequent Events	*(Note 13)*

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

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in thousands of Canadian dollars except for per share information; unaudited)		Three months ended September 30		Nine months ended September 30	
		2020	2019	**2020**	2019
Revenues					
Oil and natural gas	*(Note 4)*	**$ 1,188**	$ 1,386	**$ 3,436**	$ 5,021
Royalties		**(145)**	(231)	**(563)**	(852)
		1,043	1,155	**2,873**	4,169
Realized gain (loss) on risk management contracts	*(Note 13)*	**(22)**	(16)	**163**	(28)
Unrealized gain (loss) on risk management contracts	*(Note 13)*	**(3)**	(10)	**51**	33
Other income		**70**	191	**259**	385
		1,088	1,320	**3,346**	4,559
Expenses					
Operating		**682**	852	**2,007**	2,514
Transportation		**112**	157	**331**	432
General and administrative		**137**	211	**425**	695
Share-based compensation	*(Note 12)*	**55**	120	**250**	196
Impairment	*(Note 6)*	**-**	-	**2,660**	-
Transaction costs	*(Note 8)*	**-**	-	**56**	-
Depletion and depreciation	*(Note 6)*	**248**	329	**773**	926
		1,234	1,669	**6,502**	4,763
Loss from operations		**(146)**	(349)	**(3,156)**	(204)
Finance expense		**(41)**	(58)	**(100)**	(167)
Net loss and comprehensive loss		**(187)**	(407)	**(3,256)**	(371)
Net loss per share					
Basic and diluted	*(Note 11)*	**$ (0.04)**	(0.04)	**(0.29)**	(0.03)

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)		Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance at December 31, 2018		$ 12,326	$ 4,201	$ 44	$ (10,169)	$ 6,402
Share-based compensation		-	-	196	-	196
Extension of warrant expiry date	*(Note 11)*	-	3,421	-	(3,421)	-
Transfer on expiry or exercise of warrants	*(Note 11)*	1	(283)	283	-	1
Income for the period		-	-	-	(371)	(371)
Balance at September 30, 2019		$ 12,327	$ 7,339	$ 523	$ (13,961)	$ 6,228
Final net distributions from Ikkuma		-	-	-	184	184
Share-based compensation		-	-	120	-	120
Net loss		-	-	-	(2,458)	(2,458)
Balance at December 31, 2019		$ 12,327	$ 7,339	$ 643	$ (16,235)	$ 4,074
Share-based compensation	*(Note 12)*	-	-	250	-	250
Transfer on expiry or exercise of warrants	*(Note 11)*	5	(7,339)	7,339	-	5
Loss for the period		-	-	-	(3,256)	(3,256)
Balance at September 30, 2020		**$ 12,332**	**$ -**	**$ 8,232**	**$ (19,491)**	**$ 1,073**

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	
			2020		2019		**2020**	2019
Operating activities								
Net loss		**$**	**(187)**	$	(407)	**$**	**(3,256)**	$ (371)
Depletion and depreciation	*(Note 6)*		**248**		329		**773**	926
Share-based compensation	*(Note 12)*		**55**		120		**250**	196
Impairment	*(Note 6)*		**-**		-		**2,660**	-
Unrealized loss (gain) on risk management contracts	*(Note 13)*		**3**		10		**(51)**	(33)
Finance expense			**41**		58		**100**	167
Changes in non-cash working capital			**348**		71		**793**	61
Cash provided by operating activities			**508**		181		**1,269**	946
Financing activities								
Payments on lease obligations	*(Note 7)*		**(21)**		(19)		**(59)**	(57)
Restricted cash	*(Note 5)*		**-**		**-**		**1,500**	**-**
Acquisition credit facility	*(Note 8)*		**-**		**-**		**(1,500)**	**-**
Exercise of warrants	*(Note 11)*		**-**		-		**5**	1
Long term debt	*(Note 9)*		**-**		-		**40**	-
Changes in non-cash working capital			**(5)**		-		**(21)**	-
Cash used in financing activities			**(26)**		(19)		**(35)**	(56)
Investing activities								
Property, plant and equipment expenditures	*(Note 6)*		**(39)**		(406)		**(69)**	(559)
Changes in non-cash working capital			**-**		374		**(570)**	459
Cash used in investing activities			**(39)**		(32)		**(639)**	(100)
Change in cash and cash equivalents			**443**		130		**595**	790
Cash & cash equivalents, beginning of period			**774**		682		**622**	22
Cash & cash equivalents, end of period		**$**	**1,217**	**$**	812	**$**	**1,217**	**$** 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, 2020 and September 30, 2019.
(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 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 entitled the holder to acquire one common share of Briko at an exercise price of $1.10 per share. The common share purchase warrants expired on June 26, 2020.

Pursuant to an asset conveyance agreement between Briko and Ikkuma made as of September 21, 2018, Ikkuma assigned and transferred to Briko certain interests in its Cardium focused Alberta Foothills 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, 2019, 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, 2019.

These condensed interim financial statements were authorized for issuance by Briko’s Board of Directors on November 25, 2020.

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, 2020 unaudited quarterly 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 3 – Business Combinations

The Corporation adopted IFRS 3 – Business Combinations effective January 1, 2020. The amendments to this standard were issued in October 2018 and include a change in the definition of a business and the addition of an optional concentration test to determine if the acquisition is a business. This is 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. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Amendment to IFRS 16 Leases – Covid-19 Related Rent Concessions

In May 2020, the International Accounting Standards Board issued Covid-19 Related Rent Concessions which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The Corporation has applied the practical expedient to all COVID-19 related rent concessions that meet the conditions.

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Grants related to asset expenditures will be presented as a reduction to the capital cost of the asset the grant relates to. Grants related to income are presented as part of profit or loss, either separately or under a general heading such as 'Other income'; alternatively, they are deducted in reporting the related expense.

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)	**2020**	2019	**2020**	2019
Major product lines				
Light oil	**$ 598**	$ 954	**$ 1,763**	$ 3,119
Natural gas	**390**	226	**1,145**	1,104
NGLs	**200**	206	**528**	798
Oil and natural gas revenue	**$ 1,188**	$ 1,386	**$ 3,436**	$ 5,021

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 loss and comprehensive loss.

5. RESTRICTED CASH

(thousands of dollars)	
At December 31, 2018	$ 310
Additions	118
Funds held in trust (Note 8)	1,500
At December 31, 2019	$ 1,928
Repayment of funds held in trust (Note 8)	(1,500)
At September 30, 2020	**$ 428**

At September 30, 2020, the Corporation had two irrevocable standby letters of credit issued by a Canadian chartered bank for $310,000 with a maturity date of December 20, 2020 and $118,000 with a maturity date of December 4, 2020. The

Corporation has pledged $428,000 of short term investments as security. These investments are recorded as restricted cash in current assets.

At December 31, 2019, the Corporation had $1.5 million of funds held in trust in relation to the $1.5 million Acquisition Credit Facility. The $1.5 million of funds held in trust were fully repaid during the nine months ended September 30, 2020 as the Acquisition Credit Facility was no longer required.

6. PROPERTY, PLANT AND EQUIPMENT

Cost *(thousands of dollars)*		
At December 31, 2018	$	45,767
Additions		699
Increase in right-of-use assets		600
Change in decommissioning obligations		(534)
At December 31, 2019		46,532
Additions		69
Change in decommissioning obligations		929
At September 30, 2020	**$**	**47,530**

Accumulated Depletion and Depreciation *(thousands of dollars)*		
At December 31, 2018	$	30,620
Depletion and depreciation		1,214
Impairment		450
At December 31, 2019		32,284
Depletion and depreciation		773
Impairment		2,660
At September 30, 2020	**$**	**35,717**

Net Book Value *(thousands of dollars)*		
At December 31, 2019	$	14,248
At September 30, 2020	**$**	**11,813**

At September 30, 2020, future development costs of Briko's proved plus probable reserves of $17.1 million were included in the depletion calculation (December 31, 2019 – $17.1 million). Residual value of $1.2 million (December 31, 2019 – $1.2 million) was excluded from the depletion calculation.

At September 30, 2020, the Corporation determined that no indicators of impairment or impairment reversal existed on property, plant & equipment assets, therefore an impairment test was not performed.

At March 31, 2020, due to the significant decline in forecasted commodity benchmark prices, the Corporation determined a trigger to be present in its CGU's and completed an impairment test. Recoverable amounts for the Corporation's CGU's were estimated based on fair value less costs to sell ("FVLCS"). FVLCS was calculated using the present value of the CGU's expected before tax future cash flows estimated by the Corporation's third party reserve evaluators at December 31, 2019 at a 12 - 20 percent discount rate, adjusted for production and future pricing changes during the three months ended March

31, 2020. At March 31, 2020, it was determined that the carrying value of the Narraway CGU exceeded the recoverable amount by $0.3 million, the Northern Foothills CGU exceeded the recoverable amount by $0.5 million and the Central Foothills CGU exceeded the recoverable amount by $1.9 million. Accordingly, a $2.7 million impairment charge was recognized during the nine months ended September 30, 2020.

The following table outlines the forward commodity price estimates used in the March 31, 2020 impairment tests:

As at March 31, 2020:	**Canadian Light Sweet Crude (Cdn$/bbl)** [1,2]	**AECO Gas (Cdn$/mmbtu)** [1,2]
2020	29.73	1.77
2021	47.20	2.20
2022	59.66	2.40
2023	67.00	2.51
2024	69.92	2.58
2025	71.33	2.66
2026	72.78	2.72
2027	74.26	2.78
2028	75.77	2.79
2029	77.32	2.85
2030	78.86	2.92
Remainder	+2.0%/yr	+2.0%/yr

(1) Product sales prices will reflect these reference prices with further adjustments for product quality differentials and transportation to point of sale.

(2) Source: 4 Consultants' average, GLJ Petroleum Consultants, McDaniel & Associates Consultants, Sproule Associates and Deloitte price forecasts, effective April 1, 2020.

The recoverable amount and resulting impairment expense of the Corporation's CGUs are sensitive to changes in discount rates and forward price curves over the life of the reserves. The external reserve evaluators also assess many other financial assumptions regarding royalty rates, operating costs and future development costs along with several other non-financial assumptions that affect reserve volumes. Management considered these assumptions for the impairment test at March 31, 2020, however, it should be noted that all estimates are subject to uncertainty.

7. LEASES

The Corporation's lease obligations are as follows:

(thousands of dollars)		
At December 31, 2019	$	539
Lease interest expense		22
COVID-19 related rent concession		(21)
Lease payments		(59)
At September 30, 2020	**$**	**481**
Current portion		81
Long term portion		400

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

8. ACQUISITION CREDIT FACILITY

The Acquisition Credit Facility was announced on December 9, 2019, in conjunction with the execution of a purchase and sale agreement to acquire complementary Cardium oil and natural gas assets in the Alberta foothills (the "Complementary Acquisition") as a senior secured credit facility (the "Acquisition Credit Facility") in the amount of $1.5 million that was to mature on September 30, 2021. The Acquisition Credit Facility beared interest at a fixed rate of 12% per annum with interest payable on a monthly basis. The total funds in the amount of $1.5 million were held in trust at December 31, 2019 until the closing of the Complementary Acquisition. The funds held in trust were repaid in full during the nine months ended September 30, 2020 as the Complementary Acquisition was terminated. The Corporation incurred transaction costs of $56,000 during the nine months ended September 30, 2020 in relation to the Acquisition Credit Facility.

9. LONG TERM DEBT

During the nine months ended September 30, 2020, the Corporation received the Canada Emergency Business Account (the "CEBA loan") in the amount of $40,000. The CEBA loan features 0% interest until December 31, 2022, voluntary principal repayments without fees or penalties, and 25% loan forgiveness if the full balance is repaid by December 31, 2022.

10. DECOMMISSIONING OBLIGATION

(thousands of dollars)		**Nine Months Ended September 30, 2020**		Year ended December 31, 2019
Decommissioning obligation, beginning of period	**$**	**9,718**	$	10,066
Change in estimated future cash outflows		**929**		(534)
Accretion expense		**78**		186
Decommissioning obligation, end of period	**$**	**10,725**	$	9,718

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 and uninflated amount of cash flows required to settle its decommissioning obligations is approximately $10.3 million (December 31, 2019 – $10.3 million). As at September 30, 2020, a risk free rate of 1.11% (December 31, 2019 – 1.67%) and an inflation rate of 1.29% (December 31, 2019 – 1.34%) was used to calculate the fair value of the decommissioning obligations.

11. 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, 2020 there were no preferred shares outstanding.

Issued and outstanding common shares

(thousands of dollars except share amounts)	**Nine Months Ended September 30, 2020**			Year Ended December 31, 2019		
	Common Shares		**Amount**	Common Shares		Amount
Balance beginning of the period	**11,206,626**	**$**	**12,327**	11,205,816	$	12,326
Common shares issued – warrant exercise	**4,523**		**5**	810		1
Balance end of the period	**11,211,149**	**$**	**12,332**	11,206,626	$	12,327

During the nine months ended September 30, 2020, a total of 4,523 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.

During the nine months ended September 30, 2020, a total of 4,523 Common share purchase warrants were exercised at $1.10 per share. The remaining Common share purchase warrants of 11,200,482 were not exercised and therefore expired on June 26, 2020. The 675,000 AIMCo warrants and the 675,000 AIMCo warrant rights were not exercised and therefore expired on May 25, 2020. At September 30, 2020, the Corporation has no warrants outstanding.

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, 2020 was 11,211,149 (three months ended September 30, 2019 – 11,206,626). The weighted average shares outstanding for the nine months ended September 30, 2020 was 11,208,204 (September 30, 2019 – 11,206,334).

The diluted loss per share calculations for the three and nine months ended September 30, 2020 and 2019 were not affected by the options as they are anti-dilutive.

12. 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, 2020, the Corporation had 950,000 options outstanding with a weighted average exercise price of $1.10 per share.

The following tables summarize the information about the stock options:

	Nine Months Ended September 30, 2020		Year Ended December 31, 2019	
	Options	**Weighted Avg Exercise Price**	Options	Weighted Avg Exercise Price
Outstanding beginning of the period	**950,000**	**$ 1.10**	-	$ -
Granted	-	-	950,000	1.10
Outstanding end of the period	**950,000**	**$ 1.10**	950,000	$ 1.10

The following table summarizes stock options outstanding and exercisable at September 30, 2020:

	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	3.59	-	$ -	-
	950,000	**$ 1.10**	**3.59**	**-**	**$ -**	**-**

The total expense for share-based compensation during the three and nine months ended September 30, 2020 was $55,000 and $250,000, respectively (three and nine months ended September 30, 2019 – $120,000 and $196,000, respectively).

13. 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, 2020, the Corporation held the following risk management commodity contracts:

Natural Gas (AECO $Cdn)

Remaining Term	Option Traded	Volume (GJ/d)	Strike Price
November 1, 2020 – October 31, 2021	Put Acquired	500	$2.00/GJ

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

(thousands of dollars) **As at:**	**September 30, 2020**	**December 31, 2019**
Current assets	$ 13	$ 37

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 financial statements.

The Corporation has the following physical commodity contracts in place at September 30, 2020:

Light Oil (WTI $Cdn)

Remaining Term	Type	Volume (bbl/d)	Price ($Cdn/bbl)
October 1, 2020 – December 31, 2020	Fixed	50	$73.50/bbl

Light Oil (WTI $USD)

Remaining Term	Type	Volume (bbl/d)	Price ($USD/bbl)
January 1, 2021 – March 31, 2021	Fixed	50	$43.55/bbl

Light Oil Basis Differential

Remaining Term	Type	Volume (bbl/d)	Price ($USD/bbl)
October 1, 2020 – December 31, 2020	Basis Differential	50	($6.50)/bbl

Natural Gas Basis Differential

Remaining Term	Type	Volume (MMBtu/d)	Price (NYMEX less US$/MMBtu)
October 1, 2020 – October 31, 2021	Basis Differential	750	($1.675)/MMBtu

Subsequent to September 30, 2020, the Corporation entered into the following physical commodity contracts:

Light Oil (WTI $USD)

Remaining Term	Type	Volume (bbl/d)	Price ($USD/bbl)
April 1, 2021 - June 30, 2021	Fixed	50	$42.00/bbl
July 1, 2021 – September 30, 2021	Fixed	50	$42.25/bbl

Light Oil Basis Differential

Remaining Term	Type	Volume (bbl/d)	Price ($USD/bbl)
January 1, 2021 – March 31, 2021	Basis Differential	50	($6.15)/bbl
April 1, 2021 - June 30, 2021	Basis Differential	40	($6.20)/bbl

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'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 and the CEBA Loan. To manage liquidity risk, the Corporation will seek to issue equity, issue debt or operate within cash flow.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In addition, global commodity prices have declined significantly due to disputes between major oil producing countries combined with the impact of the COVID-19 pandemic. Governments worldwide, including those in Canada have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may have significant adverse impacts on the Corporation including, but not exclusively:

a. material declines in revenue and cash flows as a result of the decline in commodity prices;

b. declines in revenue and operating activities could result in increased impairment charges and an inability to generate sufficient cash flows from operations to meet the Corporation's current and future obligations;

c. increased risk of non-performance by the Corporation's customers which could materially increase the risk of non-payment of accounts receivable and customer defaults; and

d. increased restructuring charges as the Corporation aligns its structure and personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect of the Corporation is not known at this time. Estimates and judgements made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period. If the situation continues for prolonged periods of time there may be considerable risk and substantial uncertainty around the Corporation's ability to continue as a going concern.

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.

14. COMMITMENTS

Future minimum payments relating to variable office rent payments and firm transport commitments at September 30, 2020 are as follows:

(thousands of dollars)	2020	2021	2022	2023	2024	Thereafter	Total
Variable office rent	$ 16	$ 65	$ 5	$ -	$ -	$ -	$ 86
Firm transportation	54	94	87	87	87	108	517
Total	**$ 70**	**$ 159**	**$ 92**	**$ 87**	**$ 87**	**$ 108**	**$ 603**