BRIKO Energy

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THIRD QUARTER
ENDED SEPTEMBER 30, 2020

FINANCIAL AND OPERATING HIGHLIGHTS

(Expressed in thousands of Canadian dollars except per boe and share amounts)	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2020	2019	**2020**	2019
OPERATIONS				
Average daily production				
Light oil (bbl/d)	**119**	155	**114**	170
Natural gas (mcf/d)	**2,315**	2,639	**2,441**	2,675
NGLs (bbl/d)	**57**	57	**56**	62
Total equivalent (boe/d)	**562**	652	**576**	678
Average prices				
Light oil ($/bbl)	**$ 54.83**	$ 66.94	**$ 56.43**	$ 67.06
Natural gas ($/mcf)	**1.83**	0.93	**1.71**	1.51
NGLs ($/bbl)	**37.85**	39.32	**34.67**	47.08
Operating netback				
Revenue ($/boe)	**$ 22.98**	$ 23.11	**$ 21.76**	$ 27.11
Realized gain (loss) on risk management contracts ($/boe)	**(0.42)**	(0.27)	**1.03**	(0.15)
Royalties ($/boe)	**(2.81)**	(3.86)	**(3.57)**	(4.60)
Net operating expenses[1] ($/boe)	**(11.85)**	(11.03)	**(11.07)**	(11.50)
Transportation expenses ($/boe)	**(2.17)**	(2.61)	**(2.10)**	(2.33)
Operating netback [1] ($/boe)	**$ 5.73**	$ 5.34	**$ 6.05**	$ 8.53
FINANCIAL				
Oil and natural gas revenues [2]	**$ 1,188**	$ 1,386	**$ 3,436**	$ 5,021
Operating income[1]	**297**	321	**957**	1,580
Cash provided by operating activities	**508**	181	**1,269**	946
Per share – basic and diluted	**0.05**	0.02	**0.11**	0.08
Adjusted funds flow [1]	**160**	110	**532**	885
Per share – basic and diluted	**0.01**	0.01	**0.05**	0.08
Net loss and comprehensive loss	**(187)**	(407)	**(3,256)**	(371)
Per share – basic and diluted	**(0.02)**	(0.04)	**(0.29)**	(0.03)
Capital expenditures	**39**	406	**69**	559
Net working capital[1]	**453**	19	**453**	19
Shares outstanding ('000s)	**11,211**	11,207	**11,211**	11,207
Weighted average shares outstanding basic and diluted ('000s)	**11,211**	11,207	**11,208**	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.*

Management's discussion and analysis ("MD&A") is Briko Energy Corp.'s ("Briko" or the "Corporation") explanation of its financial performance for the period covered by the unaudited condensed interim financial statements along with an analysis of the Corporation's financial position. Comments relate to and should be read in conjunction with the audited financial statements of the Corporation for the years ended December 31, 2019 and 2018, and the unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2020 and 2019. This MD&A is dated November 25, 2020 and based on information available to that date. All figures provided herein and in the September 30, 2020 unaudited condensed interim financial statements are reported in Canadian dollars.

Briko commenced operations on December 20, 2018 resulting from the plan of arrangement (the "Arrangement") involving Ikkuma Resources Corp. ("Ikkuma"), Pieridae Energy Limited ("Pieridae"), Briko and the shareholders of Ikkuma. Briko is an Alberta company focused on the development of Cardium assets in the foothills area of Alberta and is pursuing an expanded inventory of optimization and development drilling initiatives. Briko's assets in the Alberta Foothills area consists of land, reserves, infrastructure and oil and liquids-rich opportunities.

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.

NON-IFRS MEASURES

FUNDS FLOW FROM OPERATIONS AND ADJUSTED FUNDS FLOW

Two of the benchmarks Briko uses to evaluate its performance are "funds flow from operations" and "adjusted funds flow", which are separate and distinct from "cash provided by operating activities". Funds flow from operations and adjusted funds flow are non-IFRS measures that are commonly used in the oil and gas industry. Funds flow from operations represents cash provided by operating activities before changes in operating non-cash working capital. Adjusted funds flow represents cash provided by operating activities before changes in non-cash working capital, decommissioning obligation expenditures incurred and transaction costs. The Corporation considers both to be key measures that demonstrate the ability of the Corporation's continuing operations to generate the cash flow necessary to fund future growth through capital investment. Funds flow from operations or adjusted funds flow should not be considered an alternative to or more meaningful than cash used in operating activities as determined in accordance with IFRS as an indicator of the Corporation's performance. Briko's determination of funds flow from operations or adjusted funds flow may not be comparable with that of other companies. The following table reconciles Briko's cash provided by operating activities to funds flow from operations and adjusted funds flow:

(thousands of dollars)	Three months ended		Nine months ended	
	September 30 2020	September 30 2019	**September 30 2020**	September 30 2019
Cash provided by operating activities	**$ 508**	$ 181	**$ 1,269**	$ 946
Changes in non-cash working capital balances relating to operating activities	**(348)**	(71)	**(793)**	(61)
Funds flow from operations	**$ 160**	$ 110	**$ 476**	$ 885
Transaction costs	**-**	-	**56**	-
Adjusted funds flow	**$ 160**	$ 110	**$ 532**	$ 885

NET WORKING CAPITAL

Net working capital 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.

OPERATING NETBACK, OPERATING INCOME AND NET OPERATING EXPENSES

Management uses certain industry benchmarks such as operating netback, operating income and net operating expenses as derived from the netback to analyze financial and operating performance. These benchmarks as presented do not have any standardized meanings prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals oil and natural gas revenue (including realized gains and losses on commodity risk management contracts) less royalties, net operating expenses and transportation 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. Management considers operating netback and operating income as important measures to evaluate the Corporation's operational performance as these measures demonstrate Briko's field level profitability relative to current commodity prices. Net operating expenses are 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.

RESULTS OF OPERATIONS

PRODUCTION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Light oil (bbls/d)	**119**	155	**114**	170
NGL (bbls/d)	**57**	57	**56**	62
Light oil and NGL (bbls/d)	**176**	212	**170**	232
Natural gas (mcf/d)	**2,315**	2,639	**2,441**	2,675
Total boe/d	**562**	652	**576**	678
% Light oil and NGL	**31**	33	**29**	34

Total production for the three and nine months ended September 30, 2020 was lower than the comparable periods in 2019 by 14% and 15% respectively.

Light oil and NGL production for the three and nine months ended September 30, 2020 decreased 17% and 27% respectively compared to the prior periods of 2019. The decrease for the nine months ended September 30, 2020 is primarily due to the Corporation voluntarily shutting in approximately 70 bbls/d of oil production between April 1, 2020 and August 1, 2020 due to the weak crude oil commodity price environment. This impacted production in the nine months ended September 2020 by approximately 25 bbls/d.

Natural gas production for the three and nine months ended September 30, 2020 decreased 12% and 9% respectively compared to the prior periods of 2019. The decrease for the three months ended September 30, 2020 is primarily due to temporary production shut ins due to a turnaround at a third party plant. The shut in production was back online by September 30, 2020. This impacted natural gas production in the third quarter of 2020 by 275 mcf/d.

OIL AND NATURAL GAS REVENUE

(thousands of dollars, except prices)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Revenue				
Light oil	**$ 598**	$ 954	**$ 1,763**	$ 3,119
Natural gas	**390**	226	**1,145**	1,104
NGLs	**200**	206	**528**	798
Total	**$ 1,188**	$ 1,386	**$ 3,436**	$ 5,021
Realized Prices				
Light oil ($/bbl)	**$ 54.83**	$ 66.94	**$ 56.43**	$ 67.06
Natural gas ($/mcf)	**1.83**	0.93	**1.71**	1.51
NGLs ($/bbl)	**37.85**	39.32	**34.67**	47.08
Average price per boe	**$ 22.98**	$ 23.11	**$ 21.76**	$ 27.11
Benchmark Pricing				
Edmonton light sweet (Cdn $/bbl)	**$ 49.58**	$ 68.20	**$ 43.55**	$ 69.40
NYMEX (USD $/MMBtu)	**1.97**	2.23	**1.88**	2.67
AECO (5A) daily index (Cdn $/mcf)	**$ 2.23**	$ 0.91	**$ 2.08**	$ 1.51

Total revenue for the three months ended September 30, 2020 decreased by 14% respectively as compared to the prior period of 2019 primarily due to the 14% decrease in production. Total revenue for the nine months ended September 30, 2020 decreased by 32% respectively as compared to the prior period of 2019 primarily due to the 20% decrease in the Corporation's realized average price per boe and the 15% decrease in production.

Briko's realized light oil price for the three and nine months ended September 30, 2020 decreased 18% and 16% respectively compared to the same periods of 2019. The Corporation's benchmark pricing, Edmonton light sweet, decreased by 27% and 37% compared to the same periods of 2019. The improvement in the Corporation's realized light oil price as compared to the benchmark pricing for the three and nine months ended September 30, 2020 is primarily due to the Corporation entering into a fixed price physical contract that was higher than the average benchmark pricing.

Briko's realized natural gas price for the three and nine months ended September 30, 2020 increased 97% and 13% over the same periods of 2019. The Corporation's benchmark pricing, daily AECO and Nymex, remained volatile throughout the third quarter of 2020. AECO increased by 145% and 38% compared to the same periods of 2019, while NYMEX decreased 12% and 30% compared to the same periods of 2019. The Corporation's realized natural gas price for the three and nine months ended September 30, 2020 was impacted by the deterioration of the Nymex benchmark pricing. Effective May 1, 2019, the Corporation diversified its natural gas pricing through a NYMEX based contract expiring October 31, 2021, at a fixed volume of 750 MMBtu/d, or approximately 25% of the Corporation's gas production, at the Nymex daily index price less a fixed differential of $1.675 USD/MMBtu.

RISK MANAGEMENT CONTRACTS

The Corporation enters into risk management commodity contracts in order to reduce volatility in financial results and protect the Corporation's financial position. Briko's strategy focuses on the use of costless collars, options and swaps to limit exposure to fluctuations in commodity prices while allowing for participation in commodity price increases. The Corporation's financial risk management activities are conducted pursuant to the Corporation's Risk Management Policy approved by the board of directors. These contracts had the following impact on the statements of loss and comprehensive loss:

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Realized gain (loss) on risk management contracts	**$ (22)**	$ (16)	**$ 163**	$ (28)
Per boe	**(0.42)**	(0.27)	**1.03**	(0.15)
Unrealized gain (loss) on risk management contracts	**$ (3)**	$ (10)	**$ 51**	$ 33
Per boe	**(0.05)**	(0.17)	**0.33**	0.18

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

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, 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	Fixed	50	($6.15)/bbl
April 1, 2021 - June 30, 2021	Fixed	40	($6.20)/bbl

ROYALTIES

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30 2020	September 30 2019	**September 30 2020**	September 30 2019
Royalties	**$ 145**	$ 231	**$ 563**	$ 852
Per boe	**2.81**	3.86	**3.57**	4.60
Percentage of revenue (“Royalty Rate”)	**12%**	17%	**16%**	17%

Briko’s royalty rate for the three and nine months ended September 30, 2020 decreased 29% and 6% respectively over the prior periods of 2019. The decrease for the three and nine months ended September 30, 2020 is primarily due to the lower crude oil pricing environment and reduced production levels.

NET OPERATING EXPENSES

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30 2020	September 30 2019	**September 30 2020**	September 30 2019
Operating expenses	**$ 682**	$ 852	**$ 2,007**	$ 2,514
Other income	**(70)**	(191)	**(259)**	(385)
Net operating expenses	**612**	661	**1,748**	2,129
Per boe	**$ 11.85**	$ 11.03	**$ 11.07**	$ 11.50

Per unit net operating expenses for the three months ended September 30, 2020 increased 7% over the same period of 2019 primarily due to a decrease in gas processing income at a non-operated facility and weather related lease and road repairs, which was partially offset by operational cost savings initiatives implemented in the second quarter of 2020. Excluding lease and road repairs, per unit net operating expenses for the three months ended September 30, 2020 was $11.17 per boe. Per unit net operating expenses for the nine months ended September 30, 2020 decreased 4% over the same prior period of 2019 primarily due to operational cost savings initiatives.

TRANSPORTATION EXPENSES

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Gas transportation	**$ 39**	$ 56	**$ 120**	$ 163
Oil transportation	**73**	101	**211**	269
Transportation expense	**$ 112**	$ 157	**$ 331**	$ 432
Per boe	**$ 2.17**	$ 2.61	**$ 2.10**	$ 2.33

Per unit transportation expenses for the three and nine months ended September 30, 2020 decreased 17% and 10% over the same periods of 2019, respectively. The decrease for the three and nine months ended September 30, 2020 is primarily due to lower oil trucking rates and reduced firm gas transportation fees.

OPERATING INCOME & OPERATING NETBACKS

Operating Income *(thousands of dollars)*	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Revenue	**$ 1,188**	$ 1,386	**$ 3,436**	$ 5,021
Realized loss on risk management contracts	**(22)**	(16)	**163**	(28)
Royalties	**(145)**	(231)	**(563)**	(852)
Net operating expenses	**(612)**	(661)	**(1,748)**	(2,129)
Transportation expenses	**(112)**	(157)	**(331)**	(432)
Operating income	**$ 297**	$ 321	**$ 957**	**$** 1,580

Operating Netbacks *(dollars per boe)*	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Revenue	**$ 22.98**	$ 23.11	**$ 21.76**	$ 27.11
Realized loss on risk management contracts	**(0.42)**	(0.27)	**1.03**	(0.15)
Royalties	**(2.81)**	(3.86)	**(3.57)**	(4.60)
Net operating expenses	**(11.85)**	(11.03)	**(11.07)**	(11.50)
Transportation expenses	**(2.17)**	(2.61)	**(2.10)**	(2.33)
Operating netbacks	**$ 5.73**	$ 5.34	**$ 6.05**	$ 8.53

Briko's operating netback for the three months ended September 30, 2020 increased 7% over the prior period in 2019. Briko's operating netback for the nine months ended September 30, 2020 decreased 29% over the prior period in 2019 primarily due to the decrease in light oil and NGL revenue.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSES

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Gross expenses	**$ 152**	$ 229	**$ 497**	$ 757
Operator's recoveries	**(15)**	(18)	**(72)**	(62)
G&A expenses	**$ 137**	$ 211	**$ 425**	$ 695
Per boe	**$ 2.65**	$ 3.52	**$ 2.69**	$ 3.75

Per unit G&A expenses for the three and nine months ended September 30, 2020 decreased 25% and 28% over the same periods of 2019, respectively. The decrease is primarily due to start up costs incurred for the three and nine months ended September 30, 2019 in addition to the Corporation implementing a cost savings initiative and salary cuts in 2020 due to the weak crude oil commodity price environment. The Corporation also received the Canada Emergency Wage Subsidy for the three and nine months ended September 30, 2020.

TRANSACTION COSTS

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Transaction Costs	**$ -**	$ -	**$ 56**	$ -
Per boe	**$ -**	$ -	**$ 0.35**	$ -

The Corporation incurred transaction costs for the nine months ended September 30, 2020 related to the Acquisition Credit Facility (as herein defined). Refer to the liquidity and capital resources section of this MD&A for additional information concerning the Acquisition Credit Facility.

FINANCE EXPENSE

(thousands of dollars, except per boe)	Three months ended		Nine months ended	
	September 30	September 30	**September 30**	September 30
	2020	2019	**2020**	2019
Interest on lease obligations	**$ 7**	$ 7	**$ 22**	$ 14
Accretion on decommissioning obligation	**34**	51	**78**	153
Total finance expenses	**$ 41**	$ 58	**$ 100**	$ 167
Finance expense boe	**$ 0.80**	$ 0.97	**$ 0.64**	$ 0.90

Briko's finance expense for the three and nine months ended September 30, 2020 decreased as compared to the prior periods of 2019. Accretion on decommissioning obligations for the three and nine months ended September 30, 2020 decreased as compared to the prior periods of 2019 due to the reduction in the risk free rate associated with the decommissioning liabilities.

SHARE-BASED COMPENSATION

(thousands of dollars, except per boe)	Three months ended				Nine months ended			
		September 30		September 30		**September 30**		September 30
		2020		2019		**2020**		2019
Share-based compensation	**$**	**55**	$	120	**$**	**250**	$	196
Per boe	**$**	**1.06**	$	2.00	**$**	**1.58**	$	1.06

On May 7, 2019, the Corporation issued 950,000 stock options at an exercise price of $1.10 per share. Share-based compensation expense for the nine months ended September 30, 2020 increased as compared to the respective prior period as a result of the initial issuance of stock options.

DEPLETION AND DEPRECIATION

(thousands of dollars, except per boe)	Three months ended				Nine months ended			
		September 30		September 30		**September 30**		September 30
		2020		2019		**2020**		2019
Depletion and depreciation expense	**$**	**248**	$	329	**$**	**773**	$	926
Per boe	**$**	**4.81**	$	5.47	**$**	**4.89**	$	5.00

Per unit depletion and depreciation expenses for the three months ended September 30, 2020 decreased 12% compared to the prior period of 2019. The decrease was primarily due to the reduction in the depletable base resulting from the $2.7 million impairment charge recorded at March 31, 2020. Per unit depletion and depreciation expenses for the nine months ended September 30, 2020 decreased 2% compared to the prior period of 2019.

IMPAIRMENT

There were no indicators of impairment or impairment reversals identified for the three months ended September 30, 2020.

At March 31, 2020, due to the significant decline in forecasted commodity benchmark prices, the Corporation determined a trigger to be present in all of its cash generating units ("CGUs") in Property, plant and equipment and completed impairment tests accordingly. 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 in the nine months ended September 30, 2020.

CAPITAL EXPENDITURES

Total capital expenditures for the nine months ended September 30, 2020 of $69,000 were lower than the $559,000 recorded in the prior period of 2019 due to a turnaround at a non-operated facility in 2019. Briko has established a prudent capital expenditure program for 2020 and 2021 that is expected to focus on maintenance and optimization initiatives.

DECOMMISSIONING OBLIGATION

As at September 30, 2020, the decommissioning obligation of the Corporation was $10.7 million (2019 - $10.4 million).

CASH PROVIDED BY OPERATING ACTIVITIES, ADJUSTED FUNDS FLOW AND NET INCOME (LOSS)

(thousands of dollars, except per share amounts)	Three months ended		Nine months ended	
	September 30 2020	September 30 2019	**September 30 2020**	September 30 2019
Cash provided by operating activities	**$ 508**	$ 181	**$ 1,269**	$ 946
Adjusted funds flow(1)	**160**	110	**532**	885
Per share – basic and diluted	**0.01**	0.01	**0.05**	0.08
Net loss	**(187)**	(407)	**(3,256)**	(371)
Per share – basic and diluted	**(0.02)**	(0.04)	**(0.29)**	(0.03)

(1)*See Non-IFRS Measures*

Cash provided by operating activities for the three and nine months ended September 30, 2020 are higher than the comparable periods of 2019 primarily due to changes in non-cash working capital.

Adjusted funds flow for the three months ended September 30, 2020 is higher than the comparable period of 2019 primarily due to the reduction in G&A expenses. Adjusted funds flow for the nine months ended September 30, 2020 is lower than the comparable period of 2019 primarily due to lower operating income, which was partially offset by a decrease in G&A expenses.

Briko's net loss for the three months ended September 30, 2020 was lower than the net loss reported in the comparable period primarily due to the increase in adjusted funds flow and the decrease in share-based compensation and depletion and depreciation expenses. Briko's net loss for the nine months ended September 30, 2020 was higher than the net loss reported in the comparable period primarily due to the impairment charge of $2.7 million and the increase in share-based compensation, which was partially offset by the decrease in depletion and depreciation costs and finance expense.

DEFERRED INCOME TAX

Briko has tax pools of approximately $12.3 million including $2.2 million of non-capital loss carry-forwards, available for deduction against future taxable income. Non-capital losses expire between 2029 and 2040. The asset remains unrecognized as at September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

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.

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.

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 it 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 share structure includes working capital and shareholders' equity. Briko's primary capital management objective is to maintain a strong financial position in order to continue the future growth of the Corporation. 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.

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 lease	$ 16	$ 65	$ 5	$ -	$ -	$ -	$ 86
Firm transportation	54	94	87	87	87	108	517
Total	**$ 70**	**$ 159**	**$ 92**	**$ 87**	**$ 87**	**$ 108**	**$ 603**

RELATED PARTY TRANSACTIONS

The Corporation did not have any related party transactions in the three and nine months ended September 30, 2020.

COMMON SHARE INFORMATION

	Three Months Ended		**Nine Months Ended**	
	September 30 2020	September 30 2019	**September 30 2020**	September 30 2019
Outstanding common shares end of period	**11,211,149**	11,206,626	**11,211,149**	11,206,626
Weighted average outstanding common shares basic and diluted [1]	**11,211,149**	11,206,626	**11,208,204**	11,206,334

[1]The Corporation's stock options are antidilutive

At November 25, 2020, the Corporation had 11,211,149 common shares and 950,000 stock options ($1.10 strike price) outstanding. At November 25, 2020, there were no preferred shares issued or outstanding.

GUIDANCE

Briko's estimated production for the fourth quarter of 2020 and 2020 estimated production is in the range of 525 – 575 boe/d and 2020 estimated production is in the range of 525 - 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.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation does not believe it has any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial condition, results of operations, liquidity or capital expenditures.

ADDITIONAL DISCLOSURES

QUARTERLY FINANCIAL INFORMATION

(thousands of dollars, except daily production, average wellhead price and per share amounts)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Average daily production (boe/d)	562	600	568	617	652	715	668	777
Oil and natural gas revenue	1,188	978	1,270	1,755	1,386	1,786	1,849	1,519
Average price ($/boe)	22.98	17.92	24.58	30.91	23.11	27.45	30.74	21.25
Capital expenditures	39	5	25	140	406	153	25	4
Cash provided by (used in) operating activities	508	452	309	(17)	181	207	558	692
Per share – basic and diluted	0.05	0.04	0.03	(0.00)	0.02	0.02	0.05	0.06
Adjusted funds flow[1]	160	185	187	256	110	424	351	63
Per share – basic and diluted	0.01	0.02	0.02	0.02	0.01	0.04	0.03	0.01
Net income (loss)	(187)	(458)	(2,611)	(2,458)	(407)	31	5	(8,469)
Per share – basic and diluted	(0.02)	(0.04)	(0.23)	(0.22)	(0.04)	0.00	0.00	(0.76)

[1]See Non-IFRS Measures

CHANGES 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.

The adoption of this amendment had no impact to the Corporation's 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.

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.

ADVISORIES

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. 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 MD&A includes, but is not limited to, Briko's estimated production for the fourth 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 the Corporation believes that the expectations and assumptions reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Corporation cannot give any assurance that they will prove to be correct. In addition to other factors and assumptions which may be identified in this document and other documents filed by the Corporation, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Corporation has an interest in to operate the field in a safe, efficient and effective manner; the Corporation's ability to obtain financing on acceptable terms; field production rates and decline rates; the ability to reduce operating costs; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of the Corporation to secure adequate product transportation; future petroleum and natural gas prices; currency exchange and interest rates; the regulatory framework regarding royalties, taxes, and environmental matters in the jurisdictions in which the Corporation operates; and the Corporation's ability to successfully market its petroleum and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by applicable securities laws.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Briko's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

CONVERSIONS

The oil and gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to *sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants.*

Throughout this MD&A the Corporation has used the 6:1 boe measure which is the approximate energy equivalency of the two commodities during combustion. Boe does not represent a value equivalency at the wellhead nor at the plant gate which is where the Corporation sells its production volumes, and therefore, may be a misleading measure, particularly if used in isolation. 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 6:1, utilizing a 6:1 conversion may be misleading as an indication of value.