BRIKO Energy

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2020 & 2019

FINANCIAL AND OPERATING HIGHLIGHTS

(Expressed in thousands of Canadian dollars except per boe and share amounts)		Three Months ended December 31, 2020		2019		Year Ended December 31, 2020		2019
OPERATIONS								
Average daily production								
Light oil (bbls/d)		**145**		155		**122**		166
Natural gas (mcf/d)		**2,154**		2,381		**2,369**		2,601
NGL's (bbl/d)		**31**		66		**49**		63
Total equivalent (boe/d)		**535**		617		**566**		663
Average prices								
Light oil ($/bbl)	**$**	**57.72**	$	70.25	**$**	**56.82**	$	67.80
Natural gas ($/mcf)		**2.53**		1.96		**1.90**		1.61
NGL ($/bbl)		**44.55**		54.11		**36.22**		48.93
Operating netback								
Revenue ($/boe)	**$**	**28.43**	$	30.91	**$**	**23.34**	$	28.01
Realized gain (loss) on risk management contracts ($/boe)		**(0.13)**		(0.69)		**0.76**		(0.28)
Royalties ($/boe)		**(3.62)**		(5.05)		**(3.58)**		(4.71)
Net operating expenses ($/boe) [1]		**(13.70)**		(13.61)		**(11.69)**		(11.99)
Transportation expenses ($/boe)		**(2.17)**		(2.59)		**(2.11)**		(2.39)
Operating netback [1] ($/boe)	**$**	**8.81**	$	8.97	**$**	**6.72**	$	8.64
FINANCIAL								
Oil and natural gas revenues [2]	**$**	**1,400**	$	1,755	**$**	**4,836**	$	6,777
Operating income[1]		**435**		509		**1,391**		2,090
Cash provided by (used in) operating activities	**$**	**(395)**	$	(17)	**$**	**874**	$	929
Per share – basic and diluted	**$**	**(0.04)**	$	(0.00)	**$**	**0.08**	$	0.08
Adjusted funds flow [1]	**$**	**235**	$	256	**$**	**767**	$	1,141
Per share – basic and diluted	**$**	**0.02**	$	0.02	**$**	**0.07**	$	0.10
Net income (loss) and comprehensive income (loss)	**$**	**3,024**	$	(2,458)	**$**	**(232)**	$	(2,829)
Per share – basic and diluted	**$**	**0.27**	$	(0.22)	**$**	**(0.02)**	$	(0.25)
Capital expenditures	**$**	**(22)**	$	140	**$**	**47**	$	699
Net working capital[1]	**$**	**768**	$	46	**$**	**768**	$	46
Shares outstanding ('000s)		**11,211**		11,207		**11,211**		11,206
Weighted average shares outstanding basic and diluted ('000s)		**11,211**		11,207		**11,209**		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 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, 2020 and 2019. The financial statements for the year ended December 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is dated April 27, 2021 and based on information available to that date. All figures provided herein and in the December 31, 2020 audited 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 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 (used in) 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 (used in) 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 (used in) operating activities to funds flow from operations and adjusted funds flow:

(thousands of dollars)	Three Months Ended December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Cash provided by (used in) operating activities	**$**	**(395)**	$	(17)	**$**	**874**	$	929
Changes in non-cash working capital balances relating to operating activities		**630**		87		**(163)**		26
Funds flow from operations	**$**	**235**	$	70	**$**	**711**	$	955
Transaction costs		**-**		186		**56**		186
Adjusted funds flow	**$**	**235**	$	256	**$**	**767**	$	1,141

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 December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Light oil (bbls/d)	**145**	155	**122**	166
NGL (bbls/d)	**31**	66	**49**	63
Light oil and NGL (bbls/d)	**176**	221	**171**	229
Natural gas (mcf/d)	**2,154**	2,381	**2,369**	2,601
Total boe/d	**535**	617	**566**	663
% Light oil and NGL	**33**	36	**30**	35

Total production for the three months and year ended December 31, 2020 was lower than the comparable periods in 2019 by 13% and 15% respectively.

Light oil and NGL production for the three months and year ended December 31, 2020 decreased 20% and 25% respectively compared to the prior periods of 2019. The decrease for the three months ended December 31, 2020 is primarily due to decreased NGL production due to the unscheduled shut in of the Corporation's Kiskiu area due to a compressor repair at a non-operated facility during the fourth quarter of 2020. This impacted NGL production for the three months ended December 31, 2020 by approximately 20 bbls/d. The decrease for the year ended December 31, 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 year ended December 31, 2020 by approximately 20 bbls/d.

Natural gas production for the three months and year ended December 31, 2020 decreased 10% and 9% respectively compared to the prior periods of 2019. The decrease for the three months ended December 31, 2020 is primarily due to the unscheduled shut in of the Corporation's Kiskiu area due to a compressor repair at a non-operated facility during the fourth quarter of 2020. The shut in production was partially offset by a new farm in gas well which started production in November 2020. As part of the farm in agreement, the Corporation incurred nil capital costs to earn a 15% working interest in the well.

The shut in natural gas and NGL production in Kiskiu was back online in March 2021.

OIL AND NATURAL GAS REVENUE

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Revenue				
Light oil	**$ 772**	$ 999	**$ 2,535**	$ 4,118
Natural Gas	**502**	429	**1,647**	1,533
NGLs	**126**	327	**654**	1,126
Total	**$ 1,400**	$ 1,755	**$ 4,836**	$ 6,777
Realized Prices				
Light oil ($/bbl)	**$ 57.72**	$ 70.25	**$ 56.82**	$ 67.80
Natural gas ($/mcf)	**$ 2.53**	$ 1.96	**$ 1.90**	$ 1.61
NGLs ($/bbl)	**$ 44.55**	$ 54.11	**$ 36.22**	$ 48.93
Average price ($/boe)	**$ 28.43**	$ 30.91	**$ 23.34**	$ 28.01
Benchmark Prices				
Edmonton light sweet (Cdn $/bbl)	**$ 50.00**	$ 67.95	**$ 45.17**	$ 69.02
NYMEX (USD $/MMBtu)	**$ 2.66**	$ 2.50	**$ 2.08**	$ 2.63
AECO (5A) daily index (Cdn $/mcf)	**$ 2.63**	$ 2.46	**$ 2.22**	$ 1.75

Total revenue for the three months ended December 31, 2020 decreased by 20% as compared to the prior period of 2019 primarily due to the 13% decrease in production and the 8% decrease in the Corporation's realized average price per boe. Total revenue for the year ended December 31, 2020 decreased by 29% as compared to the prior period of 2019 primarily due to the 17% 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 months and year ended December 31, 2020 decreased 18% and 16% respectively compared to the same periods of 2019. The Corporation's benchmark pricing, Edmonton light sweet, decreased by 26% and 35% 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 months and year ended December 31, 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 months and year ended December 31, 2020 increased 29% and 18% respectively over the same periods of 2019. The Corporation's benchmark pricing, daily AECO and NYMEX, remained volatile throughout the fourth quarter of 2020. AECO increased by 7% and 27% compared to the same periods of 2019, while NYMEX increased by 7% and decreased by 21% compared to the same periods of 2019. The Corporation's realized natural gas price for the three months and year ended December 31, 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 30% 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 December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Realized gain (loss) on risk management contracts	**$**	**(6)**	$	(39)	**$**	**156**	$	(67)
Per boe	**$**	**(0.13)**	$	(0.69)	**$**	**0.76**	$	(0.28)
Unrealized gain (loss) on risk management contracts	**$**	**7**	$	(131)	**$**	**59**	$	(98)

At December 31, 2020, the Corporation held the following risk management commodity contracts:

Natural Gas (AECO $Cdn)

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

Subsequent to December 31, 2020, the Corporation entered into the following risk management commodity contracts:

Light Oil (WTI $Cdn)

Remaining Term	Option Traded	Volume (bbl/d)	Strike Price
February 1, 2021 - June 30, 2021	Put Acquired	75	$60.00/bbl

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 December 31, 2020:

Natural Gas Basis Differential

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

Light Oil (WTI $USD)

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

ROYALTIES

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Royalties	**$ 178**	$ 287	**$ 741**	$ 1,139
Per boe	**3.62**	5.05	**3.58**	4.71
Percentage of revenue ("Royalty Rate")	**13%**	16%	**15%**	17%

Briko's royalty rate for the three months and year ended December 31, 2020 decreased 19% and 12% respectively over the prior periods of 2019. The decrease for the three months and year ended December 31, 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 December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Operating expenses	**$ 696**	$ 884	**$ 2,703**	$ 3,398
Other income	**(22)**	(111)	**(281)**	(495)
Net operating expenses [1]	**$ 674**	$ 773	**$ 2,422**	$ 2,903
Per boe	**13.70**	13.61	**11.69**	11.99

[1] *See Non IFRS measures*

Per unit net operating expenses for the three months ended December 31, 2020 of $13.70 per boe is comparable to the $13.61 per boe in the prior period of 2019. Per unit net operating expenses for the year ended December 31, 2020 decreased 3% over the same prior period of 2019 primarily due to operational cost savings initiatives, which reduced the impact of the fixed costs associated with the shut in production in 2020.

TRANSPORTATION EXPENSES

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Oil transportation	**$ 61**	$ 89	**$ 271**	$ 357
Gas transportation	**46**	58	**167**	221
Total transportation expenses	**$ 107**	$ 147	**$ 438**	$ 578
Per boe	**2.17**	2.59	**2.11**	2.39

Per unit transportation expenses for the three months and year ended December 31, 2020 decreased 16% and 12% over the same periods of 2019, respectively. The decrease for the three months and year ended December 31, 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 December 31,**				**Year Ended December 31,**			
		2020		2019		**2020**		2019
Revenue	**$**	**1,400**	$	1,755	**$**	**4,836**	$	6,777
Realized gain (loss) on risk management contracts		**(6)**		(39)		**156**		(67)
Royalties		**(178)**		(287)		**(741)**		(1,139)
Net operating expenses		**(674)**		(773)		**(2,422)**		(2,903)
Transportation expenses		**(107)**		(147)		**(438)**		(578)
Operating income[(1)]	**$**	**435**	$	509	**$**	**1,391**	$	2,090

Operating Netbacks *(dollars per boe)*	**Three Months Ended December 31,**				**Year Ended December 31,**			
		2020		2019		**2020**		2019
Revenue	**$**	**28.43**	$	30.91	**$**	**23.34**	$	28.01
Realized gain (loss) on risk management contracts		**(0.13)**		(0.69)		**0.76**		(0.28)
Royalties		**(3.62)**		(5.05)		**(3.58)**		(4.71)
Net operating expenses		**(13.70)**		(13.61)		**(11.69)**		(11.99)
Transportation expenses		**(2.17)**		(2.59)		**(2.11)**		(2.39)
Operating netbacks[(1)]	**$**	**8.81**	$	8.97	**$**	**6.72**	$	8.64

[(1)] *See Non-IFRS Measures*

Briko’s operating netback for the three months ended December 31, 2020 of $8.81 per boe is comparable to the $8.97 per boe in the prior period of 2019. Briko’s operating netback for the year ended December 31, 2020 decreased 22% over the same period of 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 December 31,**				**Year Ended December 31,**			
		2020		2019		**2020**		2019
Gross expenses	**$**	**217**	$	269	**$**	**714**	$	1,027
Operator’s recoveries		**(18)**		(15)		**(90)**		(78)
G&A expenses	**$**	**199**	$	254	**$**	**624**	$	949
Per boe	**$**	**4.05**	$	4.47	**$**	**3.01**	$	3.92

Per unit G&A expenses for the three months and year ended December 31, 2020 decreased 9% and 23% over the same periods of 2019, respectively. The decrease is primarily due to start up costs incurred for the year ended December 31, 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 and the Canada Emergency Rent Subsidy for the three months and year ended December 31, 2020 which reduced G&A expenses by $65,000 for the year ended December 31, 2020.

TRANSACTION COSTS

(thousands of dollars, except per boe)	Three Months Ended December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Transaction costs	**$**	-	$	186	**$**	**56**	$	186
Per boe		-		3.27		**0.27**		0.77

The Corporation incurred transaction costs for the year ended December 31, 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 December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Interest on lease obligations	**$**	**7**	$	8	**$**	**29**	$	22
Accretion on decommissioning obligation		**39**		33		**117**		186
Total finance expenses	**$**	**46**	$	41	**$**	**146**	$	208
Per boe	**$**	**0.94**	$	0.72	**$**	**0.71**	$	0.86

Briko's finance expense for the three months ended December 31, 2020 increased 12% compared to the prior period of 2019. Briko's finance expense for the year ended December 31, 2020 decreased 30% compared to the prior period of 2019 due to the 30% decrease in accretion on decommissioning obligations due to the reduction in the risk free rate associated with the decommissioning liabilities.

SHARE-BASED COMPENSATION

(thousands of dollars)	Three Months Ended December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Share-based compensation	**$**	**55**	$	120	**$**	**305**	$	316
Per boe	**$**	**1.11**	$	**2.11**	**$**	**1.47**	$	1.31

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 year ended December 31, 2020 decreased as compared to the respective prior period as a result of the initial issuance of stock options in May 2019.

IMPAIRMENT (REVERSAL)

(thousands of dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Property, plant and equipment	**$ (2,770)**	$ 450	**$ (110)**	$ 450
Exploration and evaluation	-	1,498	-	1,498
Total impairment (reversal)	**$ (2,770)**	$ 1,948	**$ (110)**	$ 1,948

As at December 31, 2020, due to reduced operating expenses and the increases in benchmark commodity prices since March 31, 2020, the Corporation determined a trigger or reversal to be present in its Northern Foothills cash generating unit ("CGU") and Central Foothills CGU in Property, plant and equipment and completed impairment tests. It was determined that the recoverable amount of the Northern Foothills CGU and the Central Foothills CGU exceeded the carrying value amount. Accordingly, for the three months ended December 31, 2020, the previous impairment in the Northern Foothills CGU, net of depletion, of $1.0 million was reversed and the previous impairment in the Central Foothills CGU, net of depletion, of $1.8 million was reversed.

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 for the three months ended March 31, 2020.

As a result, the Corporation recorded $110,000 of net impairment reversal for the year ended December 31, 2020.

As at December 31, 2019, due to further declines in the commodity markets, 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 $0.5 million and an impairment charge of $0.5 million was recorded.

As at December 31, 2019, the Corporation recorded $1.5 million impairment on exploration and evaluation assets due to a deterioration in the recoverability of the land carrying value in conjunction with the Corporation no longer planning further expenditures on exploration and evaluation activities.

GAIN ON PROPERTY, PLANT & EQUIPMENT TRANSACTIONS

(thousands of dollars, except per boe)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Gain on property, plant & equipment transactions	**$ 346**	$ -	**$ 346**	$ -
Per boe	**7.03**	-	**1.67**	-

During the year ended December 31, 2020, the Corporation completed a disposition of certain natural gas properties for proceeds of $18,000. The assets had a net carrying value of zero and decommissioning obligations of $226,000, resulting in a gain of $244,000.

During the year ended December 31, 2020, the Corporation earned a 15% working interest in a new well on production through a farm in agreement with a third party. As part of the agreement, the Corporation incurred nil capital costs. The asset was recorded at a fair value of $150,000 and included decommissioning obligations of $48,000, resulting in a gain of $102,000.

DEPLETION AND DEPRECIATION

(thousands of dollars, except per boe)	Three Months Ended December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Depletion and depreciation expense	**$**	**234**	$	288	**$**	**1,007**	$	1,214
Per boe		**4.76**		5.08		**4.86**		5.02

Per unit depletion and depreciation expenses for the three months and year ended December 31, 2020 decreased 6% and 3% compared to the prior periods of 2019, respectively. The decrease was primarily due to the reduction in the depletable base resulting from the $2.7 million impairment charge recorded in the three months March 31, 2020.

CAPITAL EXPENDITURES

Total capital expenditures for year ended December 31, 2020 of $47,000 were lower than the $699,000 recorded in the same period of 2019 due to a turnaround at a non-operated facility in 2019. Briko has established a prudent capital expenditure program for 2021 that is expected to focus on maintenance and optimization initiatives.

DECOMMISSIONING OBLIGATIONS

As at December 31, 2020, the decommissioning obligation of the Corporation was $10.5 million (2019 - $9.7 million).

CASH PROVIDED BY (USED IN) OPERATING ACTVITIES, ADJUSTED FUNDS FLOW AND NET LOSS

(thousands of dollars, except per share amounts)	Three Months Ended December 31,				Year Ended December 31,			
		2020		2019		**2020**		2019
Cash provided by (used in) operating activities	**$**	**(395)**	$	(17)	**$**	**874**	$	929
Adjusted Funds Flow(1)	**$**	**235**	$	256	**$**	**767**	$	1,141
Per share – basic and diluted	**$**	**0.02**	$	0.02	**$**	**0.07**	$	0.10
Net income (loss)	**$**	**3,024**	$	(2,458)	**$**	**(232)**	$	(2,829)
Per share – basic and diluted	**$**	**0.27**	$	(0.22)	**$**	**(0.02)**	$	(0.25)

(1)See Non-IFRS Measures

Cash provided by operating activities for the three months and year ended December 31, 2020 are lower than the comparable periods of 2019 primarily due to changes in non-cash working capital.

Adjusted funds flow for the three months ended December 31, 2020 is higher than the comparable period of 2019 primarily due to the reduction in G&A expenses. Adjusted funds flow for the year ended December 31, 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 income for the three months ended December 31, 2020 was higher than the net loss reported in the comparable period primarily due to the impairment reversal recorded in the three months ended December 31, 2020. Briko's net loss for the year ended December 31, 2020 was lower than the net loss reported in the comparable period primarily due to lower impairment, lower depletion and depreciation and the gain on property, plant & equipment transactions.

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 in March 2020 as the Complementary Acquisition was terminated.

LONG TERM DEBT

During the year ended December 31, 2020, the Corporation received a loan from the Canada Emergency Business Account (the "CEBA loan") in the amount of $60,000. The CEBA loan features 0% interest until December 31, 2022, voluntary principal repayments without fees or penalties, and 33% loan forgiveness, or $20,000, if the full balance is repaid by December 31, 2022. Subsequent to December 31, 2020, the Corporation repaid $40,000 of the CEBA Loan and $20,000 of the outstanding amount was forgiven.

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 new debt.

DEFERRED TAX

The Corporation has $nil deferred income tax expense (recovery) in the three months and year ended December 31, 2020 (December 31, 2019 - nil). Briko also has an unrecognized deferred income tax asset as at December 31, 2020 and as at December 31, 2019.

As at December 31, 2020, Briko has tax pools of approximately $11.9 million ($12.6 million – December 31, 2019) including non-capital losses of $2.3 million ($1.4 million – December 31, 2019) available for deduction against future taxable income that expire between 2039 and 2040.

COMMITMENTS

Future minimum payments relating to variable office rent payments and firm transport commitments at December 31, 2020 are as follows:

(thousands of dollars)	2021	2022	2023	2024	2025	Thereafter	Total
Variable office rent	$ 68	$ 6	$ -	$ -	$ -	$ -	$ 74
Firm transportation	119	112	110	87	87	21	536
Total	**$ 187**	**$ 118**	**$ 110**	**$ 87**	**$ 87**	**$ 21**	**$ 610**

RELATED PARTY TRANSACTIONS

The Corporation did not have any related party transactions in the year ended December 31, 2020 or December 31, 2019.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation did not have any off balance sheet arrangements in the year ended December 31, 2020 or December 31, 2019.

COMMON SHARE INFORMATION

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	**2020**	2019
Outstanding common shares end of period	**11,211,149**	11,206,626	**11,211,149**	11,206,626
Weighted average outstanding common shares [1]				
basic and diluted	**11,211,149**	11,206,626	**11,208,740**	11,206,406

[1] *The Corporation's options are antidilutive*

At April 27, 2021, the Corporation had 11,211,149 common shares and 875,000 stock options ($1.10 strike price) outstanding. At April 27, 2021, there were no preferred shares issued or outstanding.

GUIDANCE

Due to the unscheduled shut in of natural gas and natural gas liquids production of approximately 200 boe/d in the fourth quarter of 2020, Briko's production for the first quarter of 2021 is estimated to be in the range of 400 - 450 boe/d. The shut in production was brought back on production in March 2021. Average production for 2021 is expected to be in the range of 475 – 525 boe/d. Briko has established a prudent capital expenditure program for 2021 that is expected to focus on maintenance and optimization initiatives.

During 2020, the Corporation and its field service contractors submitted applications under the Government of Alberta's Site Rehabilitation Program ("SRP") to abandon and reclaim well sites. The Government of Alberta is administering the SRP in phases and providing grant funding directly to the service providers for the abandonment and remediation work. To date, Briko has been approved for $182,000 in grant funding under the SRP. In January 2021, Briko abandoned an inactive well bore and is anticipating that it will be able to utilize the grant funding in full in 2021. Briko continues to monitor the provincial and federal funding developments to accelerate the decommissioning of the Corporation's asset retirement obligations. The Corporation's Liability Management Rating with the Alberta Energy Regulator remains strong at 6.46 as of April 3, 2021.

SUBSEQUENT EVENT

On January 6, 2021, the Corporation announced the initiation of a strategic alternatives process to maximize shareholder value. Briko's Board of Directors engaged Sayer Energy Advisors ("Sayer") to support its evaluation of all potential alternatives.

ADDITIONAL DISCLOSURE

QUARTERLY FINANCIAL INFORMATION

(thousands of dollars, except daily production, average wellhead price and per share amounts)	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**
Average daily production (boe/d)	535	562	600	568	617	652	715	668
Oil and natural gas revenue	1,400	1,188	978	1,270	1,755	1,386	1,786	1,849
Average price ($/boe)	28.43	22.98	17.92	24.58	30.91	23.11	27.45	30.74
Capital expenditures	(22)	39	5	25	140	406	153	25
Cash provided by (used in) operating activities	(395)	508	452	309	(17)	181	207	558
Per share – basic and diluted	(0.04)	0.05	0.04	0.03	(0.00)	0.02	0.02	0.05
Adjusted funds flow(1)	235	160	185	187	256	110	424	351
Per share – basic and diluted	0.02	0.01	0.02	0.02	0.02	0.01	0.04	0.03
Net income (loss)	3,024	(187)	(458)	(2,611)	(2,458)	(407)	31	5
Per share – basic and diluted	0.27	(0.02)	(0.04)	(0.23)	(0.22)	(0.04)	0.00	0.00

(1)See Non-IFRS Measures

ANNUAL FINANCIAL INFORMATION

(thousands of dollars, except daily production, average wellhead price and per share amounts)		**Year ended December 31, 2020**		Year ended December 31, 2019		Year ended December 31, 2018
Average daily production (boe/d)		**566**		663		749
Oil and natural gas revenue	**$**	**4,836**	**$**	6,777	$	8,040
Average wellhead price ($/boe)	**$**	**23.34**	**$**	28.01	$	29.43
Total assets	**$**	**16,761**	**$**	18,040	$	17,255
Long term debt	**$**	**60**	**$**	-	$	-
Capital expenditures	**$**	**47**	**$**	699	$	317
Cash provided by operating activities	**$**	**874**	**$**	929	$	1,777
Per share – basic and diluted	**$**	**0.08**	**$**	0.08	$	0.16
Adjusted funds flow(1)	**$**	**767**	**$**	1,141	$	1,676
Per share – basic and diluted	**$**	**0.07**	**$**	0.10	$	0.15
Net loss and comprehensive loss	**$**	**(232)**	**$**	(2,829)	$	(9,141)
Per share – basic and diluted	**$**	**(0.02)**	$	(0.25)	$	(0.82)

(1)See Non-IFRS Measures

CHANGES IN ACCOUNTING POLICIES

The Corporation has applied the following new and revised accounting pronouncements in preparing the December 31, 2020 audited 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.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Briko's significant accounting policies are disclosed in note 4 to the December 31, 2020 financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Briko continuously refines its management and reporting systems to ensure that accurate, timely and useful information is gathered and disseminated. Briko's financial and operating results incorporate certain estimates including the following:

- Estimated accruals for revenues, royalties and operating expenses where actual revenues and expenses have not been received;
- Estimated capital expenditures where actual costs have not been received or for projects that are in progress;
- Estimated depletion and depreciation charges are based on estimates of oil and gas reserves that Briko expects to recover in the future. As a key component in the calculation, the reserve estimates have a significant impact on net earnings and the Corporation's financial results could differ if there is a revision in the estimate of reserve quantities;
- Estimated future recoverable value of petroleum and natural gas properties & equipment and any related impairment charges or recoveries are assessed for impairment when circumstances suggest the carrying amount may exceed its recoverable amount. The recoverable amount calculation requires the use of estimates which are subject to change as new information becomes available. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the related assets;
- Estimated fair values of derivative contracts which are used to manage commodity price, foreign currency and interest rates are determined using valuation models which require assumptions regarding the amount and timing of future cash flows and discount rates. As the Corporation's assumptions rely on external

market data, the resulting fair value estimates may not be indicative of the amounts realized or settled and are therefore subject to market uncertainty;

- Decommissioning obligations are based on assumptions which take into consideration current economic factors and experience to date which we believe are reasonable. The actual cost of the Corporation's decommissioning obligations may change in response to numerous factors;
- Estimated deferred tax assets and liabilities are based on current tax interpretations, regulations and legislation which are subject to change. As a result, there are usually a number of tax matters under review and therefore income taxes are subject to measurement uncertainty.

Briko employs and engages qualified consultants who have the expertise to ensure these estimates are accurate and ensures departments with the most knowledge of the activity are responsible for the estimates. Past estimates are reviewed and analyzed regularly to ensure future estimates continue to track actuals. The emergence of new information and changed circumstances may result in actual results or changes to estimate amounts that differ materially from current estimates.

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. In particular, management's expected annual production for 2021, expected production for the first quarter of 2021; the sources and uses of and for its 2021 capital expenditure programs, as well as 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.