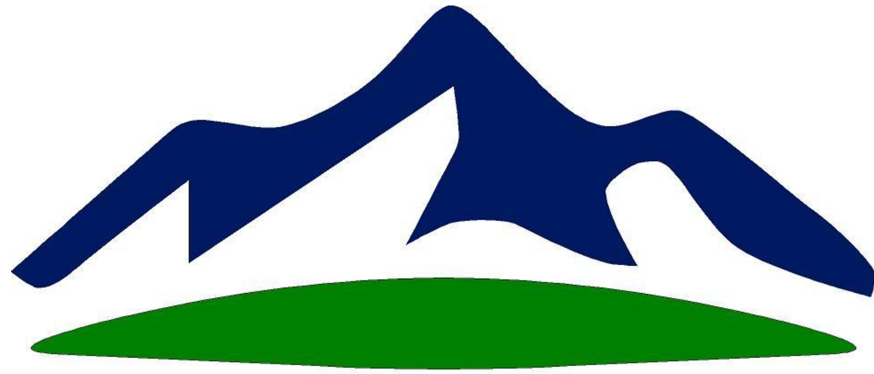

CLEARVIEW
RESOURCES LTD

Clearview Resources Ltd.

Financial Statements

December 31, 2019

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Clearview Resources Ltd.

Opinion

We have audited the financial statements of Clearview Resources Ltd. (the "Company"), which comprise:

- the statements of financial position as at December 31, 2019 and December 31, 2018
- the statements of operations and comprehensive loss for the periods then ended
- the statements of changes in shareholders' equity for the periods then ended
- the statements of cash flows for the periods then ended
- and notes to the financial statements, including a summary of significant accounting policies.

Hereinafter referred to as the "financial statements".

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Future Operations

We draw attention to Note 1 in the financial statements, which indicates that the Company is dependent on its credit facility, which due to current economic instability in the oil and gas industry, is subject to potential reduction and / or demand for repayment by the lenders.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is JJ Iacuone.

KPMG LLP

Charted Professional Accountants

Calgary, Canada
April 28, 2020

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CLEARVIEW RESOURCES LTD.
Statements of Financial Position
(thousands of Canadian dollars)

	Notes	December 31, 2019	December 31, 2018
Assets			
Current assets			
Trade and other receivables	13	**2,940**	2,358
Prepaid expenses and deposits		**606**	648
Financial instruments - commodity contracts	13	**-**	64
Total current assets		**3,546**	3,070
Exploration and evaluation assets	5	**405**	248
Property, plant and equipment	6	**76,087**	77,434
Total assets		**80,038**	80,752
Liabilities			
Current liabilities			
Bank debt	7	**14,807**	16,553
Accounts payable and accrued liabilities		**3,675**	4,639
Financial instruments – commodity contracts	13	**224**	-
Decommissioning obligations	8	**422**	-
		19,128	21,192
Decommissioning obligations	8	**23,420**	22,645
Total liabilities		**42,548**	43,837
Shareholders' equity			
Common shares	9	**75,003**	66,494
Contributed surplus	9	**3,202**	2,368
Deficit		**(40,715)**	(31,947)
		37,490	36,915
Total liabilities and shareholders' equity		**80,038**	80,752

COVID-19 and future operations – Note 1

Commitments – Note 15

Subsequent event – Note 17

See accompanying notes to the financial statements

Approved by the Board of Directors:

*"Lindsay Stollery"*______________ *"Richard Carl"*___________
Director *Director*

CLEARVIEW RESOURCES LTD.

Statements of Operations and Comprehensive Loss

(thousands of Canadian dollars except per share amounts)

	Notes	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Revenues			
Oil and natural gas sales	11	**25,687**	16,273
Royalties		**(2,808)**	(1,984)
		22,879	14,289
Realized gain (loss) - commodity contracts	13	**49**	(756)
Unrealized gain (loss) - commodity contracts	13	**(288)**	1,195
Processing income		**694**	465
		23,334	15,193
Expenses			
Transportation		**1,428**	769
Operating		**13,146**	9,177
General and administrative		**2,286**	1,470
Stock based compensation	9	**834**	695
Depletion and depreciation	6	**10,041**	6,165
Impairment expense	6	**3,750**	-
Exploration and evaluation expense	5	**25**	59
Loss (gain) on disposition of assets	4	**(25)**	708
Transaction costs	4	**118**	16
		31,603	19,059
Finance costs	10	**1,607**	1,042
		33,210	20,101
Loss before income taxes		**(9,876)**	(4,908)
Deferred income tax recovery	14	**1,108**	76
Net loss and comprehensive loss		**(8,768)**	(4,832)
Net loss per common share – basic and diluted	9	**(0.76)**	(0.48)

See accompanying notes to the financial statements

CLEARVIEW RESOURCES LTD.
Statements of Changes in Shareholders' Equity
(thousands of Canadian dollars)

	Common Shares	Contributed Surplus	Deficit	Shareholders' Equity
Balance, March 31, 2018	56,327	1,673	(27,115)	30,885
Stock based compensation expense (Note 9)	-	695	-	695
Issue of shares – Bashaw Oil Corp. (Note 4)	8,237	-	-	8,237
Issue of shares for cash (Note 9)	1,315	-	-	1,315
Issue of flow-through shares – net (Note 9)	635	-	-	635
Share issue costs (Note 9)	(20)	-	-	(20)
Net loss and comprehensive loss	-	-	(4,832)	(4,832)
Balance, December 31, 2018	66,494	2,368	(31,947)	36,915
Stock based compensation expense (Note 9)	-	834	-	834
Issue of shares – Asset acquisition (Note 4)	8,509	-	-	8,509
Net loss and comprehensive loss	-	-	(8,768)	(8,768)
Balance, December 31, 2019	**75,003**	**3,202**	**(40,715)**	**37,490**

See accompanying notes to the financial statements

CLEARVIEW RESOURCES LTD.
Statements of Cash Flows
(thousands of Canadian dollars)

	Notes	**Twelve months ended December 31, 2019**	**Nine months ended December 31, 2018**
Cash provided by (used in):			
Operating activities			
Net loss and comprehensive loss		**(8,768)**	(4,832)
Adjustments for:			
Unrealized (gain) loss - commodity contracts		**288**	(1,195)
Stock based compensation		**834**	695
Accretion of decommissioning obligations	8	**457**	328
Depletion, depreciation and impairment		**10,041**	6,165
Impairment expense		**3,750**	-
Exploration and evaluation expense		**25**	59
Loss (gain) on disposition of assets		**(25)**	708
Deferred income tax recovery	14	**(1,108)**	(76)
Decommissioning expenditures	8	**(289)**	(59)
Changes in non-cash working capital	12	**(225)**	(705)
		4,980	1,088
Investing activities			
Additions to property, plant and equipment	6	**(1,474)**	(9,577)
Additions to exploration and evaluation assets	5	**-**	(23)
Acquisition of property, plant and equipment	4	**(328)**	(67)
Acquisition of exploration and evaluation assets	4	**(182)**	-
Disposal of oil and natural gas assets	4	**29**	3,495
Changes in non-cash working capital	12	**(1,279)**	1,104
		(3,234)	(5,068)
Financing activities			
Issue of common shares – net of share issue costs	9	**-**	2,006
Borrowing (repayment) of bank debt	7	**(1,746)**	1,974
		(1,746)	3,980
Change in cash		**-**	-
Cash and cash equivalents, beginning of period		**-**	-
Cash and cash equivalents, end of period		**-**	-
Supplemental information			
Interest paid on bank debt	10	**1,045**	737

See accompanying notes to the financial statements

1. Nature of operations

Clearview Resources Ltd. ("Clearview" or "the Company") is a privately owned, crude oil and natural gas company, engaged in the acquisition, exploration, development and production of crude oil and natural gas from properties located in the province of Alberta, Canada. The Company's corporate head office address is located at 2400, 635 – 8th Ave. SW, Calgary, AB T2P 3M3.

COVID-19

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with governments (federal, provincial and municipal) worldwide, responding in different ways to combat the spread of the virus. These measures have caused material disruption to businesses, resulting in an economic slowdown, globally. Clearview continues to monitor the impact of the outbreak on its business as there could be meaningful effects, both direct and indirect.

Future Operations

Clearview has a demand, reserve-based, revolving credit facility with an Alberta based financial institution which was renewed in October 2019 at a credit facility limit of $18.5 million. The credit facility is secured by a general security agreement providing a security interest over all present and acquired property and a floating charge on all oil and natural gas assets. The Company had $14.8 million outstanding on the credit facility at December 31, 2019 and has $14.0 million outstanding with available cash on hand of $0.6 million as of April 27, 2020.

The next borrowing base redetermination is scheduled to be completed by no later than June 30, 2020. The available lending limits are based on the lender's interpretation of the Company's reserves and future commodity prices. There can be no assurance as to the amount of available credit that will be determined at the next review.

While the Company has an amount outstanding under its credit facility as of April 27, 2020 which is less than the current credit facility limit of $18.5 million, the Company remains dependent on the support of its lender. In addition, the recent significant decline in crude oil prices due to macro-economic uncertainty, an over-supply of oil globally and a significant reduction in demand due to the impact of COVID-19 has caused the Company to shut-in a significant portion of its operated production to preserve the value of its reserves. The shut-in of production and significant decline in crude oil and natural gas liquids prices has the Company projecting a significant reduction in cash flow from operating activities in 2020, increasing the risk of a covenant violation and further increasing the requirement of the Company to have available the entire $18.5 million credit facility limit to support continued operations. If the credit facility is not renewed by the lender, at or above its existing lending limits, is at any time placed on demand, or a covenant violation is not remedied or waived by the lender, the outstanding amount could become payable immediately, and there is no certainty that the Company would have available capital resources to repay the bank debt.

Due to the facts and circumstances detailed above, coupled with considerable economic instability and uncertainty in the oil and gas industry which negatively impact operating cash flows and lender and investor sentiment, there is a material uncertainty surrounding the Company's ability to continue as a going concern that creates significant doubt as to the ability of the Company to meet its obligations as

they become due and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. These adjustments could be material.

2. Basis of preparation

Statement of compliance and authorization

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) as set forth in Note 3.

The financial statements were approved and authorized for issuance by the Board of Directors on April 28, 2020.

Reporting entity

The Company conducts many of its activities jointly with other parties. Consequently, these financial statements reflect only the Company’s proportionate interest in such activities. The financial statements of the Company comprise the Company only as it has no subsidiaries or other interests to be consolidated.

Change in Year End

During the previous fiscal year, the Board of Directors approved changing the Company’s fiscal year end from March 31 to December 31 to have the Company’s year end financial statements more comparative with the majority of its industry competitors. Consequently, the financial statements for December 31, 2019 are for the twelve month period from January 1, 2019 to December 31, 2019 whereas the comparative financial statements for December 31, 2018 are for the nine month period from April 1, 2018 to December 31, 2018.

Basis of measurement

The financial statements have been prepared on an historical cost basis, except for certain financial and non-financial assets and liabilities, which have been measured at fair value.

Functional and presentation currency

The financial statements are presented in Canadian dollars, the Company’s functional currency and rounded to the nearest thousand dollars (unless stated otherwise).

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of revision and in any future years affected.

Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Business combinations

The initial recognition of business combinations requires management judgment in making key assumptions and estimating fair values in determining the purchase price allocation to the identifiable assets, liabilities and contingent liabilities for each acquisition or combination.

Cash-generating units ("CGU")

The Company's assets are aggregated into CGUs for calculating impairment. Cash-generating units are determined based on the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Determination of CGUs is subject to management's judgment and is based on geology, geographical proximity, shared infrastructure, similar exposure to market risk and how management monitors its operations. The asset composition of the Company's CGUs could change due to new information and circumstances.

Impairment

Judgement is required to assess when indicators of impairment exist and testing for the recoverability of assets is necessary. Determining the recoverable amount of assets, in the absence of quoted market prices, is based on the estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates and other relevant factors. The key estimates used in the determination of cash flows from crude oil and natural gas assets are outlined below:

> Reserves – Assumptions that are valid at the time of the reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.
>
> Oil and natural gas prices – Forward price estimates are used in the cash flow model. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, access to facilities and pipelines, inventory levels, exchange rates, weather, and economic and geopolitical factors.
>
> Operating and capital costs – Future operating and capital costs are used in the cash flow model, based on an analysis of actual costs incurred in recent years and then escalated for assumed future inflation. Actual results in the future may vary considerably from these estimates.

Discount rate – The discount rate used to calculate the net present value of cash flows is based on estimates of a discount rate specific to the risk of the CGU being assessed for impairment. Changes in the general economic environment could result in significant changes to this estimate.

Deferred tax assets

At the end of each reporting period, judgment is required by the Company in determining the likelihood of whether the deferred tax assets will be realized from future taxable earnings. Deferred taxes are based on estimates as to the timing over which temporary differences will reverse, substantially enacted income tax rates applicable to future years and the likelihood of assets being realized. The estimate of future capital activities can impact the timing of the reversal of any temporary differences.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

Decommissioning obligations

Amounts recorded for decommissioning obligations require the use of estimates with respect to the amount and timing of decommissioning expenditures. Actual costs incurred can differ from estimates due to public expectations, changes in laws and regulations, market conditions, discovery and analysis of site conditions and changes in technology.

Financial instruments

The estimated fair values of derivative financial instruments resulting in financial assets and liabilities, by their very nature, are subject to measurement uncertainty. Estimates of the mark-to-market value of the financial instruments at the end of each reporting period are subject to change based on changes in the forward prices.

Stock based compensation

The estimated fair value of stock options uses pricing models such as the Black-Scholes model which is based on assumptions such as the life of the option, dividend yields, interest rates, volatility and forfeiture rates. Judgement is required by management in determining these assumptions.

Lease obligations

Lease obligations are estimated using the rate implicit in the lease, unless this rate is not readily determinable, in which case a discount rate equal to the Company's incremental borrowing rate is used. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment. Lease terms are based on assumptions regarding extension terms and renewal options that allow for operational flexibility and future market conditions.

Liquidity

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy, ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. See further discussion related to liquidity in Note 13.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements other than as disclosed herein.

Jointly owned assets

The Company's oil and natural gas activities consist of jointly owned and operated assets, which are not conducted through separate vehicles. The financial statements include the Company's share of these jointly owned assets, liabilities, revenue and expenses.

Exploration and evaluation assets

Costs incurred before acquiring the legal right to explore in a specific area do not meet the definition of an asset and therefore are expensed as incurred.

Exploration and evaluation assets consist of expenditures incurred in an area pending the determination of technical feasibility and commercial viability. Exploration and evaluation expenditures, including the costs of acquiring mineral rights, drilling exploratory wells and other directly attributable costs are capitalized and accumulated in cost centres.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved and probable reserves are determined to exist and are capable of production. A review of each cost centre is carried out, at each reporting period, to ascertain whether economic proved and probable reserves have been discovered. Upon determination of proved and probable reserves, exploration and evaluation assets attributable to those reserves are tested for impairment and then reclassified to property, plant and equipment. If an exploration and evaluation asset is determined to be unsuccessful, all associated costs are charged to the statement of operations. Assets classified as exploration and evaluation are not subject to depletion and depreciation until they are reclassified to property, plant and equipment.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depletion and depreciation and accumulated impairment losses. The cost of oil and natural gas assets includes: the cost of acquisitions, the costs to drill a well and the costs of the associated land upon determination of technical feasibility and commercial viability; the cost to complete and tie-in the wells; facility costs; the estimated cost of asset retirement; geological and geophysical costs; and directly attributable internal costs.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in earnings.

Subsequent costs

Expenditures related to renewals or betterments that improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Depletion and depreciation

The net carrying value of the oil and natural gas assets is depleted using the unit of production method based on estimated proved plus probable reserves, including estimated future development costs necessary to bring those reserves into production. Capitalized plant turnaround costs are depreciated on a straight-line basis over the estimated time until the next turnaround is completed.

Impairment

Exploration and evaluation assets are assessed for impairment when they are transferred to property, plant and equipment or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to their related cash-generating unit ("CGU"). The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment or impairment reversal. If any such indication exists, then the recoverable amount of each CGU is estimated at the greater of its value in use (VIU) and its fair value less costs to sell (FVLCTS).

FVLCTS is estimated based on the discounted present value of the future cash flows generated by the CGU, including development prospects. The future cash flows are those estimated for proved plus probable reserves using forecast prices and costs as prepared by the Company's independent qualified reserves evaluator. The discount rate is the rate likely to be applied by an independent market participant. The Company may also consider an evaluation of comparable asset transactions. VIU is estimated based on the discounted present value of the future cash flows from proved and probable reserves using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in earnings if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

An impairment recovery is recognized in earnings if there has been a subsequent increase in the estimate of the recoverable amount following the recognition of an impairment loss in prior periods. The reversal of prior impairment is recognized only to the extent of the increase in the estimated recoverable amount or the asset's carrying amount, net of depletion, that would have resulted had no impairment loss been recognized on the asset in prior periods.

Assets held for sale

Non-current assets are classified as held for sale if their carrying values will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition. For the sale to be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The assets must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the carrying value and fair value less costs to sell, with impairments recognized in earnings in the period measured. Non-current assets held for sale are presented in current assets and current liabilities within the statement of financial position. Assets held for sale are not depleted, depreciated or amortized.

Decommissioning obligations

Decommissioning obligations are recognized in the period in which a well or related asset is drilled, constructed or acquired, based on the discounted present value of estimated future costs to abandon and reclaim oil and natural gas properties. The future cash flows are discounted using a pre-tax risk-free rate and this amount is initially capitalized as part of the carrying amount of the related property, plant and equipment with a corresponding liability being recognized at the same time. The capitalized amount is depleted on the unit of production method on the same basis as the related asset while the liability is accreted to earnings until it is settled or sold. Changes in the estimated liability resulting from revisions to discount rates, expected timing or future asset retirement costs, are recognized as a change in the related asset and the asset retirement liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision.

Revenue

The Company primarily generates revenue from the sale of commodities, which include crude oil, natural gas and natural gas liquids. Revenue from the sale of commodities is recognized when control is transferred from the Company to its customer. This transfer is generally at the point in time the customer takes legal possession of the product through the physical transfer of the product at the delivery point agreed with the customer, generally pipelines or product receipt terminals. The revenue is measured based on the consideration specified in the contracts with customers. Payment terms for the sales contracts are on the 25th day of the month following delivery.

Clearview evaluates its arrangements with third parties and partners to determine if the Company acts as the principal or as an agent. Clearview is considered the principal in a transaction when it has primary responsibility for the delivery of the product. If Clearview acts as an agent rather than as the principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company for the transaction.

Fees charged to other entities for use of facilities owned by the Company are evaluated to determine if the fees originate from contracts with customers or from incidental or collaborative arrangements. Fees charged to other entities that are from contracts with customers are recognized in revenue when the related services are provided. The Company does not take ownership of the third-party production

volumes while being processed through its facilities.

Royalty income is recognized as it accrues in accordance with the terms of the overriding royalty agreements.

Stock based compensation

The fair value of stock based compensation is determined at the grant date using the Black-Scholes option-pricing model and is recognized over the vesting period of the options as stock based compensation expense and contributed surplus. Upon the exercise of the stock option, consideration together with the amount previously recognized in contributed surplus, is credited to share capital. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments, including derivatives, are recognized on the statement of financial position at fair value at the time the Company becomes a party to the contract. Subsequently, all financial assets and liabilities, except financial assets and liabilities carried at fair value through earnings, are measured at amortized cost determined using the effective interest method. Financial assets and liabilities carried at fair value through earnings or loss are measured at fair value with changes in fair value recognized in earnings.

Transaction costs attributable to financial instruments carried at fair value through earnings or loss are expensed as incurred. All other transaction costs related to the Company’s financial instruments are recorded as part of the instrument and are amortized using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or if it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company has a risk management program whereby the commodity price associated with a portion of its future production volumes is fixed in order to mitigate cash flow volatility resulting from fluctuating commodity prices. The Company sells forward a portion of its future production volumes by entering into a combination of physical sale contracts with customers and derivative financial contracts such as fixed price contracts, costless collars or the purchase of floor price options with financial counterparties. These instruments are not used for trading or speculative purposes.

The Company has not designated its financial derivative contracts as effective accounting hedges and thus has not applied hedge accounting. As a result, financial derivatives are classified as fair value through earnings or loss and are recorded on the statement of financial position at fair value.

The Company accounts for its physical commodity sales and purchase contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position. Settlements on these physical sales contracts are recognized in crude oil and natural gas sales.

Share capital

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying expenditures. Any difference between the liability set up for the premium on the flow-through shares and the tax effect on the renounced expenditures is recognized in earnings.

Per share amounts

Basic per share information is calculated based on the weighted average number of common shares outstanding during the year. The diluted weighted average number of shares is adjusted for the dilutive effect of stock options. Diluted per share amounts are calculated using the treasury method. The treasury method assumes that the proceeds from the exercise of stock options are used to repurchase common shares at the average market price during the year. Anti-dilutive stock options are not included in the calculation.

Business combinations

Business combinations are accounted for using the acquisition method. The identifiable net assets acquired are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the fair value of the consideration transferred below the fair value of the net assets acquired is recorded as a gain on acquisition through earnings. Transaction costs associated with the acquisition are expensed when incurred.

Leases

Leases or contractual obligations are capitalized as right of use assets with a corresponding right of use lease obligation on the statement of financial position calculated as the present value of future lease payments. The effective interest method is applied to the lease and the right of use asset is depreciated over the term of the lease. The discount rate used to determine the present value of future lease payments is the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Certain lease payments will continue to be expensed through

earnings. These types of leases would be short-term leases equal to or less than twelve months, variable lease payments, leases for the purpose of oil and gas extraction or leases whereby the underlying asset is of low value.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

New accounting standards:

During the year ended December 31, 2019, the Company adopted the following new accounting standard.

Leases

Effective January 1, 2019, the Company adopted IFRS 16 which replaced IAS 17 "*Leases*" and IFRIC 4 "*Determining Whether an Arrangement Contains a Lease*". IFRS 16 introduces a single, on-balance sheet accounting model for lessees which requires the recognition of a right of use asset and a lease liability on the balance sheet for most leases. Certain short-term leases (less than 12 months) and leases of low-value assets can be exempt from the balance sheet recognition requirements and will continue to be expensed through earnings on a straight-line basis over the term of the contract.

The Company adopted IFRS 16 using the modified retrospective approach. Under this method of adoption, the right of use assets recognized were measured at amounts equal to the present value of the lease obligations. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effective of IFRS 16 as an adjustment to opening retained earnings and applies the standard prospectively. Clearview elected to not apply lease accounting to certain leases for which the lease term ends within 12 months or is of low value as of the date of adoption.

The Company did an evaluation of all its contracts and it was determined there is no material affect as a result of adopting IFRS 16 and as such no adjustment or additional disclosures have been made.

New accounting standards not yet adopted:

In October 2018, the IASB issued amendments to IFRS 3, “Business Combinations”, to clarify whether a transaction results in an asset acquisition or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning after January 1, 2020. Earlier application is permitted. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets are concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not applied, or the concentration test fails, then the assessment focuses on the existence of a substantive process. Clearview will adopt this standard in the first quarter of 2020.

4. Acquisitions and dispositions

(a) Acquisition of Private Co. properties

On February 22, 2019, Clearview acquired producing oil and gas assets and undeveloped land from a private oil and gas producer ("Private Co") for cash consideration of $0.6 million and the issuance to Private Co of 1,361,542 voting common shares of Clearview issued from treasury. The operations of the acquired assets have been included in Clearview's results commencing on February 22, 2019.

The total consideration paid by Clearview was approximately $9.1 million based on a share price for Clearview of $6.25 per share. Transaction costs of $0.1 million were recorded in earnings.

The acquisition of assets from Private Co has been accounted for as a business combination. The net assets have been allocated as follows:

Acquisition Date	February 22, 2019
Consideration	
Cash consideration	581
Share consideration (1,361,542 common shares)	8,509
Total consideration	9,090
Net assets at estimated fair value	
Working capital	87
Exploration and evaluation assets	182
Property, plant and equipment	10,764
Deferred income tax liabilities	(1,108)
Decommissioning obligations (see Note 8)	(835)
Net assets	9,090

The fair value of property, plant and equipment has been estimated based upon an independently prepared reserves evaluation. The fair value of decommissioning obligations at the time of the acquisition was estimated using a discount rate of 13%.

Oil and natural gas sales of $2.7 million and net operating loss of $0.2 million are included in the statement of operations since the closing date of February 22, 2019. If the acquisition had occurred on January 1, 2019, incremental oil and natural gas sales for the twelve months ended December 31, 2019 would have been $0.5 million (unaudited) and the incremental net operating income for the twelve months ended December 31, 2019 would have been $0.1 million (unaudited).

(b) Acquisition of Bashaw Oil Corp.

On April 16, 2018, Clearview acquired all of the issued and outstanding common shares of Bashaw Oil Corp. ("Bashaw") through a share for share exchange with the issuance of 1,560,046 voting common shares of the Company. The operations of Bashaw have been included in Clearview's results commencing on April 16, 2018. Bashaw was subsequently amalgamated into Clearview Resources Ltd.

The total consideration paid by Clearview was approximately $8.2 million based on a share price, agreed upon by the two parties, for Clearview of $5.28 per share. Transaction costs of $16 thousand were recorded in earnings.

The acquisition of Bashaw has been accounted for as a business combination. The net assets have been allocated as follows:

Acquisition Date	April 16, 2018
Consideration	
Share consideration (1,560,046 common shares)	8,237
Net assets at estimated fair value	
Working capital (including cash of $1,671)	1,710
Property, plant and equipment	7,725
Decommissioning obligations (see Note 8)	(1,198)
Net assets	8,237

The fair value of property, plant and equipment had initially been estimated based upon an independently prepared reserves evaluation. The fair value of decommissioning obligations at the time of the acquisition was estimated using a discount rate of 10%.

Oil and natural gas sales of $1.2 million and net operating income of $141 thousand are included in the statement of operations since the closing date of April 16, 2018. If the acquisition had occurred on April 1, 2018, incremental oil and natural gas sales for the year ended December 31, 2018 would have been $54 thousand (unaudited) and the incremental net operating income for the year ended December 31, 2018 would have been $26 thousand (unaudited).

(c) Acquisition of assets

During the twelve months ended December 31, 2019, the Company acquired working interests of joint venture partners in its Central Alberta Gas CGU for cash consideration of $16 thousand (nine months ended December 31, 2018 - $67 thousand).

(d) Disposition of assets

Current fiscal period

During the twelve months ended December 31, 2019, the Company closed the disposition of a non-operated minor working interest in a natural gas property in its Central Alberta Gas CGU and the disposition of a royalty interest in 1,257 natural gas wells. Proceeds from the dispositions were $29 thousand, after closing adjustments, resulting in a gain on dispositions of $25 thousand, recorded in earnings. The dispositions included the reduction of $4 thousand in decommissioning obligations.

Prior fiscal period

On April 10, 2018, the Company closed the disposition, to a related entity controlled by a director of the Company, for proceeds of $3.4 million, after closing adjustments. The proceeds from the disposition were immediately applied to reduce the Company's bank debt. No gain or loss was recorded on this disposition at closing.

On December 10, 2018, the Company sold non-core properties in the Southern Alberta Oil CGU for net proceeds of $126 thousand. The acquirer assumed the decommissioning obligations associated with the properties. The Company recorded a loss on the disposition of the properties of $0.7 million as calculated below:

	December 20, 2018
Cost	1,343
Accumulated depletion	(270)
Net book value	1,073
Decommissioning obligations assumed by the acquirer (see Note 8)	(239)
Net carrying amount	834
Proceeds on the dispositions	(126)
Loss on disposition	708

5. Exploration and evaluation assets

Exploration and evaluation assets ("E&E") consist of the Company's exploration projects which are pending the determination of proved plus probable reserves.

As at	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Balance, beginning of the period	248	284
Additions	-	23
Acquisition of E&E assets (see Note 4 (a))	182	-
Expense	(25)	(59)
Balance, end of the period	405	248

Due to the expiry of certain lands in E&E, the Company incurred an expense of $25 thousand during the twelve months ended December 31, 2019 ($59 thousand - nine months ended December 31, 2018).

At December 31, 2019 and 2018, the Company identified indicators of impairment requiring a test for impairment of certain property, plant and equipment cash generating units. As a result, a test of the Company's exploration and evaluation assets was undertaken as well. The test indicated there was no impairment of its E&E assets in the current period. There was no impairment in the prior period.

6. Property, plant and equipment

(a) Oil and natural gas assets

As at	**Twelve months ended December 31, 2019**	Nine months ended December 31, 2018
Cost		
Balance, beginning of the period	**111,955**	93,385
Acquisitions (see Note 4)	**10,780**	7,792
Asset retirement costs	**194**	2,544
Additions	**1,474**	9,577
Disposals (see Note 4)	**(434)**	(1,343)
Balance, end of the period	**123,969**	111,955
Accumulated depletion, depreciation and impairment		
Balance, beginning of the period	**(34,521)**	(28,626)
Depletion and depreciation	**(10,041)**	(6,165)
Impairment expense	**(3,750)**	-
Disposals (see Note 4)	**430**	270
Balance, end of the period	**(47,882)**	(34,521)
Net book value, end of the period	**76,087**	77,434

The Company does not capitalize any of its general and administrative costs associated with exploration and development activities.

(b) Depletion, depreciation and impairment

The depletion cost base includes future development costs as appropriate. At December 31, 2019, the Company estimated its future development costs to be $160.8 million (December 31, 2018 - $126.5 million).

At December 31, 2019, Clearview identified indicators of impairment, primarily due to the volatility of natural gas and natural gas liquids prices during the year and forecast commodity prices having declined from the previous year, primarily natural gas and the Company's change in development plans for its Southern Alberta Oil CGU.

The indicators necessitated Clearview to perform an impairment test on its Central Alberta Gas and Southern Alberta Oil CGU's at December 31, 2019 based on fair value less cost to sell to calculate the estimated recoverable amount of each CGU. The estimated recoverable amount was based on before-tax discount rates specific to the underlying reserve category and risk profile of each CGU, net of decommissioning obligations. The discount rates used in the valuation ranged from 15 to 25 percent. The impairment tests indicated the Company's Central Alberta Gas CGU's recoverable amount was less than its carrying value resulting in an impairment of $3.75 million charged to earnings.

The following table details the forward pricing used in estimating the recoverable amount of each CGU at December 31, 2019.

	WTI	Edmonton Light	Bow River Medium	Propane	Butane	Pentane	AECO Spot
Year	US/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl
2020	61.00	72.64	58.43	26.36	42.10	76.83	2.04
2021	63.75	76.06	63.00	29.80	47.03	79.82	2.32
2022	66.18	78.35	64.99	32.94	50.66	82.30	2.62
2023	67.91	80.71	66.91	34.00	52.21	84.72	2.71
2024	69.48	82.64	68.65	34.88	53.48	86.71	2.81
2025	71.07	84.60	70.41	35.78	54.77	88.73	2.89
2026	72.68	86.57	72.20	36.69	56.07	90.77	2.96
2027	74.24	88.49	73.91	37.57	57.32	92.76	3.03
2028	75.73	90.31	75.53	38.41	58.50	94.65	3.09
2029	77.24	92.17	77.18	39.26	59.71	96.57	3.16
2030	78.79	94.01	78.72	40.04	60.90	98.50	3.23
2031	80.36	95.89	80.29	40.85	62.12	100.47	3.29
2032	81.97	97.81	81.90	41.66	63.36	102.48	3.36
2033	83.61	99.76	83.54	42.50	64.63	104.53	3.43
2034	85.28	101.76	85.21	43.35	65.92	106.62	3.49
2035+	+2.0%/yr	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.

The Company completed an impairment test at December 31, 2018 as well due to similar indicators of impairment. The impairment test indicated no write-down was required of the Company's producing assets.

7. Bank debt

At December 31, 2019, the Company had a demand, revolving operating facility with an Alberta based financial institution with a credit facility limit of $18.5 million (December 31, 2018 - $21.0 million). The credit facility is secured by a general security agreement providing a security interest over all present and acquired property and a floating charge on all oil and natural gas assets.

Borrowings under the credit facility are subject to an interest rate of lender prime plus 3.0% per annum (6.95% at December 31, 2019) and require monthly payments of interest only. The Company has the option of borrowing using the lender's guaranteed notes which are subject to a stamping fee of 4.0% per annum plus the guaranteed note rate for 30, 60, 90 or 180 day terms (5.97% at December 31, 2019 for a 90 day guaranteed note).

The interest rates applicable to the borrowings are based on a pricing margin grid and will change as a result of the ratio of outstanding indebtedness to annualized quarterly funds flows as calculated in accordance with the agreement governing the credit facility. Annualized quarterly funds flow is defined as earnings before depletion and depreciation, stock based compensation, accretion of decommissioning obligations, unrealized gains or losses on commodity contracts and gains or losses on dispositions.

At December 31, 2019, the Company had drawn $14.8 million on the revolving facility (December 31, 2018 - $16.6 million) and $10 thousand in outstanding letters of credit.

The next review is scheduled to be completed by no later than June 30, 2020. As the available lending limits are based on the lender's interpretation of the Company's reserves and future commodity prices, there can be no assurance as to the amount of available credit that will be determined at each scheduled review. In the event that the credit facility limit is reduced and the amount outstanding exceeds the new credit facility limit, the Company shall have thirty days to repay any shortfall.

The credit facility agreement requires compliance with a working capital covenant whereby the Company must maintain a minimum working capital ratio of 1 to 1. For calculating compliance with this covenant, the amount drawn on the credit facility, classified as a current liability, and the fair value of financial instruments are excluded from working capital. Conversely, the amount of the undrawn portion of the revolving facility is added to current assets. At December 31, 2019, the Company's working capital ratio for purposes of the lender's working capital covenant was 1.8:1 (1.6:1 at December 31, 2018). In addition, the Company and its lender have agreed to a covenant whereby the Company shall maintain a liability management rating ("LMR") of no less than 2.0. Clearview's LMR as at December 31, 2019 was 2.7.

8. Decommissioning obligations

The following table presents the continuity of the Company's decommissioning obligations.

As at	**Twelve months ended December 31, 2019**	Nine months ended December 31, 2018
Balance, beginning of the period	**22,645**	18,873
Disposition of obligations (see Note 4 (d))	**(4)**	(239)
Obligations settled	**(289)**	(59)
New obligations from operations	**-**	123
Acquisition of obligations (see Note 4 (a) and (b))	**835**	1,198
Changes in estimates	**198**	2,421
Accretion (see Note 10)	**457**	328
Total	**23,842**	22,645
Current portion of decommissioning obligations	**(422)**	-
Balance, end of the period	**23,420**	22,645

Decommissioning obligations assumed as part of the 2019 acquisition in Note 4(a) were initially measured at fair value using a credit adjusted risk free rate of 13 per cent for a total of $0.8 million. The reduction to a risk-free rate of 1.9% at the end of the first quarter resulted in an increase in the obligation of $4.8 million which is a component of the change in estimates in the above table.

For 2019, the lower discount rate and inflation rate at December 31, 2019 than the prior year end of December 31, 2018 resulted in a reduction in decommissioning obligations of $4.6 million, almost completely offsetting the change in estimate of $4.8 million related to the 2019 acquisition in Note 4(a) for a total change in estimate of $0.2 million in the year.

Decommissioning obligations assumed as part of the 2018 acquisition in Note 4(b) were initially measured at fair value using a credit adjusted risk free rate of 10 per cent. The reduction to a risk-free rate at the end of the year resulted in an increase in the obligation of $1.6 million which is a component of the change in estimates in the above table.

The future estimated cash outflows required to settle the obligations have been discounted using a risk-free rate of 1.74% at December 31, 2019 (December 31, 2018 at 2.0%). An inflation rate of 1.33% at December 31, 2019 (December 31, 2018 at 2.0%) was used as an estimate to determine the future cash outflows required to settle the obligations. The total undiscounted amount of future cash outflows as estimated at December 31, 2019 was $31.9 million (December 31, 2018 - $32.4 million). Payments to settle decommissioning obligations occur over the operating lives of the underlying assets, estimated to be over the next 43 years, with most of the expected expenditures to be incurred between 2028 and 2050.

The Company incurred $0.3 million in abandoning 10 wells (3.75 net) during the year. Pursuant to the Company's enrollment in the Asset Based Closure program for the abandonment of inactive wells, sites and facilities, the Company will be required to spend approximately $0.4 million in decommissioning obligations in 2020. This amount has been reflected as a current liability on the balance sheet.

9. Share capital

(a) Authorized shares

Unlimited voting common shares – without nominal or par value
Unlimited non-voting common shares – without nominal or par value
Unlimited preferred shares with multiple classes – par value of $1.00

(b) Issued voting common shares

	#	$
Balance, March 31, 2018	8,437,866	56,327
Issue of common shares – Bashaw Oil Corp. (Note 4 (b))	1,560,046	8,237
Issue of common shares for cash	210,390	1,315
Issue of flow-through common shares for cash – net	101,543	635
Share issue costs		(20)
Balance, December 31, 2018	10,309,845	66,494
Issue on acquisition of assets (Note 4 (a))	1,361,542	8,509
Balance, December 31, 2019	**11,671,387**	**75,003**

In the nine months ended December 31, 2018, the Company issued 210,390 common shares at $6.25 per share for total proceeds of $1.3 million and 101,543 flow-through common shares at $7.00 per share for proceeds of $0.7 million. A flow-through share premium of $76 thousand to reflect the tax benefits renounced to the subscribers of the shares was recorded as a reduction to share capital. The proceeds of the issuance were used to fund the Company's summer drilling program. The required qualifying Canadian development expenses were incurred by December 31, 2018 and renounced to the subscribers of the flow-through common shares.

(c) Contributed surplus

The following table presents the continuity of contributed surplus.

As at	**Twelve months ended December 31, 2019**	Nine months ended December 31, 2018
Balance, beginning of the period	**2,368**	1,673
Stock based compensation	**834**	695
Balance, end of the period	**3,202**	2,368

(d) Per share amounts

For the periods ended December 31, 2019 and December 31, 2018, options for voting common shares were excluded from the computation of diluted per share amounts as the Company was in a loss position for each of those periods.

The net loss per voting common share was determined as follows:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Net loss	**(8,768)**	(4,832)
Weighted average shares outstanding – basic and diluted	**11,471,881**	10,021,772
Net loss per voting common share – basic and diluted	**(0.76)**	(0.48)

(e) Options for voting common shares

The Company has provided for equity-settled, share based payments in the form of options to acquire voting common shares which the Board of Directors has granted to directors, officers, employees and consultants. The numbers of options, the exercise price and all other terms thereof were set by the Board of Directors at the time of grants.

In the year ended December 31, 2019, the Company did not grant any options to officers, employees or directors. In the nine months ended December 31, 2018, the Company granted options to officers, employees and a director for 463,500 voting common shares with an exercise price of $5.00 per share under option. The options granted during the nine months ended December 31, 2018 vest 1/3 on each of the first, second and third anniversaries and expire 7 years from the date of grant. The fair value of the options at the date of measurement was determined based on a Black-Scholes calculation with the following inputs and outcomes:

	Nine months ended December 31, 2018
	Inputs
Exercise price	$5.00
Volatility	73%
Expected option life	6.7 years
Dividend	$nil
Risk-free interest rate	2.25%
Estimated cost per voting common share under option	$3.13
Total estimated cost to be amortized over the vesting period	$1,446

The following presents the continuity of the voting common shares under option.

	Number of shares under option	Weighted average exercise price
Balance, March 31, 2018	722,333	$4.74
Cancelled	(63,832)	$4.86
Granted	463,500	$5.00
Balance, December 31, 2018	1,122,001	$4.83
Expired	(60,834)	$4.75
Balance, December 31, 2019	**1,061,167**	**$4.83**

The following table summarizes the options outstanding and exercisable at December 31, 2019.

Outstanding			Exercisable		
Number of shares under option	Remaining contractual life (Years)	Weighted average exercise price	Number of shares under option	Remaining contractual life (Years)	Weighted average exercise price
344,500	3.56	$4.50	344,500	3.56	$4.50
253,167	4.38	$5.00	169,667	4.38	$5.00
463,500	5.30	$5.00	154,501	5.30	$5.00
1,061,167	**4.51**	**$4.83**	**668,668**	**4.17**	**$4.74**

10. Finance costs

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Accretion of decommissioning obligations (see Note 8)	**457**	328
Interest on bank debt	**1,074**	688
Credit facility fees and costs	**76**	26
Total	**1,607**	1,042

11. Revenues

The Company derives its revenue from contracts with customers for oil and natural gas sales through the transfer of commodities at particular sales points and for processing income through the provision of services at particular facilities. All revenue of the Company is generated through sales in Alberta.

Oil and natural gas sales are comprised of the following major product types.

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Crude oil	**16,152**	9,198
Natural gas liquids	**4,503**	4,438
Natural gas	**5,032**	2,637
Total	**25,687**	16,273

12. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Cash provided by (used in):		
Trade and other receivables	**(582)**	392
Prepaid expenses and deposits	**42**	(324)
Accounts payable and accrued liabilities	**(964)**	331
	(1,504)	399
Related to:		
Operating activities	**(225)**	(705)
Investing activities	**(1,279)**	1,104
Changes in non-cash working capital for the period	**(1,504)**	399

13. Risk management and financial instruments

(a) Overview of risk management

The Company's activities expose it to a variety of financial risks that arise from its exploration, development, production and financing activities. The risks include credit risk, liquidity risk and market risk. The Company employs risk management strategies and polices to ensure that any exposure to risk complies with the Company's business objectives and risk tolerance levels. While the Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable are substantially due from oil and natural gas marketers and industry partners.

The Company's operations are conducted in Canada. The Company's exposure to credit risk is based on the credit worthiness of each customer, however, changes in industry conditions that negatively impact its customers' ability to generate cash flow will increase the risk of not collecting receivables. Management believes the risk is mitigated by the size and reputation of the companies to which credit is extended.

The Company currently markets its production to two oil and natural gas marketers and monitors the credit rating of those marketers. Revenues from the sale of oil and natural gas are normally collected on the 25th day of the month following production.

The Company has an allowance for doubtful accounts as at December 31, 2019 of $80 thousand (December 31, 2018 - $80 thousand). When determining whether past due accounts are collectible, the Company factors in the credit history of the counterparties. The Company considers amounts outstanding more than 90 days as past due. The maximum exposure to credit risk is the amount of trade and other receivables comprised of the following carrying amounts, of which $0.3 million (December 31, 2018 - $0.5 million) was greater than 90 days.

As at	**December 31, 2019**	December 31, 2018
Oil and natural gas revenue	**1,940**	946
Industry partners	**1,000**	1,412
Total trade and other receivables	**2,940**	2,358

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Commodity price risk

The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic and political events that dictate the levels of supply and demand. Management continuously monitors commodity prices and contracts to manage exposure to these risks when it deems appropriate. The Company does not utilize derivative financial instruments for trading or speculative purposes.

The Company hedges a portion of oil and natural gas sales using derivative financial instruments or may use forward sales contracts or physical sales contracts when deemed appropriate. The Company does not apply hedge accounting for these contracts. The Company's production is usually sold using "spot" or near-term contracts, with prices fixed at the time of transfer of custody or based on a monthly average market price.

The following financial commodity price contracts were contracted with the same Alberta based financial institution with which the Company has its credit facility (see Note 7). The Company had the following financial and physical commodity price contracts outstanding at December 31, 2019.

Commencement Date	Expiry Date	Units	Volume	Underlying Commodity	Fixed Price
November 1, 2019	March 31, 2020	GJ/day	1,000	AECO 5A - Financial	$2.20
January 1, 2020	December 31, 2020	GJ/day	1,000	AECO 5A – Financial	$1.57
January 1, 2020	December 31, 2020	GJ/day	1,000	AECO 5A – Physical	$1.61
January 1, 2020	December 31, 2020	GJ/day	1,000	AECO 5A - Financial	$1.89
January 1, 2020	March 31, 2020	Bbls/day	125	US WTI - Financial	$58.05
January 1, 2021	December 31, 2021	Bbls/day	150	US WTI – Call option	$65.00 **

** The Company sold a call option for 2021 on 150 barrels per day at US $65.00 per barrel and transferred the value for selling the call into the financial hedge for US $58.05 per barrel.

The mark to market value of the instruments contracted and outstanding at December 31, 2019 was an unrealized loss of $224 thousand, classified as a current liability (at December 31, 2018 – unrealized gain of $64 thousand, classified as a current asset). The change in the mark to market value during the year ended December 31, 2019 resulted in an unrealized loss of $0.3 million (nine months ended December 31, 2018 – unrealized gain of $1.2 million) which was recorded in the statement of operations. The realized gain for the year ended December 31, 2019 was $49 thousand (nine months ended December 31, 2018 – realized loss of $0.8 million).

A 1% difference in oil prices for the year ended December 31, 2019 would have increased or decreased oil and natural gas revenue by $0.21 million depending on the direction of the difference and a consequential impact on royalties. The net impact of a 1% difference on loss before income taxes is estimated to be $0.18 million.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in market interest rates. The Company has a variable rate credit facility outstanding and consequently the Company is exposed to interest rate risk. Further changes in interest rates may affect the general economy. The Company had no interest rate swaps or financial contracts in place as at or during the periods ended December 31, 2019 and 2018. A change in the interest rate of 1% during the period ended December 31, 2019 would have increased or decreased interest expense depending on the direction of the change. The impact of a 1% change on interest expense and loss before income taxes is estimated to be $0.16 million.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by monitoring cash flows from operating activities, reviewing actual capital expenditures against budget, managing maturity profiles of financial assets and liabilities and managing its commodity price risk management program. These activities ensure sufficient funds are available to meet the Company's financial obligations when due.

The Company's following financial liabilities at December 31, 2019 mature within one year.

	Amount
Bank debt	14,807
Accounts payable and accrued liabilities	3,675
Financial instruments – commodity contracts	224
Total	18,706

Management prepares an operating and capital budget for presentation to the Board of Directors of the Company and its lender. Management presents quarterly updates of the operating (including hedge contracts) and capital budgets (including potential acquisitions and dispositions) to the Board of Directors of the Company and adjustments to planned activities are made depending on projected cash flows and capital resources.

The Company's credit facility is a demand loan and as such the lender could demand repayment at any time. Management is not aware of any indications the lender would demand repayment in the next 12 months. The Company is current with all interest and fee payments and is compliant with the financial covenants. The lender's next review is scheduled to be completed by no later than June 30, 2020. Depending on the final credit facility limit approved by the lender, the Company may seek alternate financing arrangements, if necessary, to execute its planned capital program. Given that the credit facility is a demand loan and the uncertainty regarding the renewal amount and terms, there is liquidity risk for the Company.

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with governments (federal, provincial and municipal) worldwide, responding in different ways to combat the spread of the virus. These measures have caused material disruption to businesses, resulting in an economic slowdown, globally. Clearview continues to monitor the impact of the outbreak on its business as there could be meaningful effects, both direct and indirect.

(e) Capital management

The Company's objective is to maintain access to sources of capital, defined to be working capital, shareholders' equity, its credit facility and cash flow from operations, with which to finance its operations. The Company maintains a capital structure of equity and debt as appropriate. The Company manages its capital structure and revises the structure for changes in economic conditions, opportunities for accretive acquisitions and the risk characteristics of the underlying investments. The Company balances its overall capital structure through share issues and the use of debt as deemed appropriate in the circumstances. The Company is not subject to any externally imposed capital requirements other than the working capital covenant associated with its credit facility.

The Company's credit facility requires compliance with a covenant whereby the working capital ratio can be no less than 1:1 as outlined in Note 7. At December 31, 2019, the Company's working capital ratio for purposes of the lender's working capital covenant was 1.8:1, (as at December 31, 2018 1.6:1).

The Company monitors net debt in managing its capital. Net debt is defined as current assets less current liabilities, excluding the fair value of its commodity contracts.

The components of the Company's net debt calculation are as follows:

As at	**December 31, 2019**	December 31, 2018
Trade and other receivables	**2,940**	2,358
Prepaid expenses and deposits	**606**	648
Bank debt	**(14,807)**	(16,553)
Accounts payable and accrued liabilities	**(3,675)**	(4,639)
Decommissioning obligations	**(422)**	-
Net debt	**(15,358)**	(18,186)

(f) Fair value

As of December 31, 2019 and 2018, the carrying value of trade and other receivables and accounts payable and accrued liabilities included in the statement of financial position approximate fair value due to the short-term nature of those instruments. The fair value of the bank debt approximates its carrying value as it bears a floating rate of interest and the margin charged by the lenders is indicative of current credit spreads. Fair value is measured on the following basis:

Level 1 fair value measurements are based on unadjusted quoted market prices.
Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.
Level 3 fair value measurements are based on unobservable information.

The fair value of financial instruments are measured using level 2 inputs.

14. Income taxes

(a) Income tax rate reconciliation

The provision for income taxes varies from the amounts that would be computed by applying the effective Canadian federal and provincial income tax rates to the income before income taxes as follows:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Loss before income taxes	**(9,876)**	(4,908)
Expected future income tax rate	**26.5%**	27%
Expected income tax recovery	**(2,617)**	(1,325)
Differences resulting from:		
Permanent differences	**223**	188
Flow-through common shares	**-**	116
Tax rate change and other	**2,347**	-
Change in unrecognized deferred tax assets	**(1,061)**	945
Income tax recovery	**(1,108)**	(76)

On May 28, 2019, the Government of Alberta reduced the general corporate income tax rate to 8% (from 12%) over four years. Starting July 1, 2019, the general corporate tax rate was reduced to 11% (from 12%), with further 1% rate reductions every year on January 1 until the general corporate tax rate is 8% on January 1, 2022.

(b) Movement in deferred tax balances during the year

The following table presents the movement in the deferred tax asset for the periods ended December 31, 2019 and 2018:

Period ended December 31, 2019	Opening Balance	Earnings	Acquisitions	Closing Balance
Property, plant & equipment	(6,756)	7,864	(1,108)	-
Decommissioning obligations	2,019	(2,019)	-	-
Share issue costs	42	(42)	-	-
Non-capital losses	4,712	(4,712)	-	-
Other	(17)	17	-	-
Total	-	1,108	(1,108)	-

Period ended December 31, 2018	Opening Balance	Earnings	Other	Closing Balance
Property, plant & equipment	(4,277)	(2,403)	(76)	(6,756)
Decommissioning obligations	1,224	795	-	2,019
Share issue costs	(17)	59	-	42
Non-capital losses	2,765	1,947	-	4,712
Other	305	(322)	-	(17)
Total	-	76	(76)	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Temporary differences	**December 31, 2019**	December 31, 2018
Property, plant and equipment	**11,376**	41,902
Decommissioning obligations	**23,842**	-
Share issue costs	**92**	-
Non-capital loss carried forward	**62,528**	50,731
Capital losses	**7,964**	7,964
Other	**224**	-
Total	**106,026**	100,597

(c) Non-capital losses carried forward

The Company has non-capital losses of $62.5 million expiring over the years 2024 to 2039.

15. Commitments

The Company is committed to future minimum payments for natural gas transmission and office space. The Company has a lease for office space which expires June 29, 2020 and acquired an additional office lease as part of the acquisition of Bashaw which expires April 30, 2020. The Company recovers a portion of the office costs from subleases to other corporations. These amounts are not reflected as recoveries in the table below. Payments required under these commitments for each of the next five years are as follows:

	2020	2021	2022	2023	2024	Total
Gas transportation	242	94	4	-	-	340
Office leases	134	-	-	-	-	134
Total	376	94	4	-	-	474

16. Supplemental information

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is comprised of the following:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
Salaries, benefits and severance	**793**	375
Stock based compensation	**650**	379
Total	**1,443**	754

Stock based compensation, included in the table above, represents the amortization of stock based compensation costs associated with options for voting common shares granted to directors and key management personnel.

(b) Presentation - Statement of operations and comprehensive loss

In the Company's statement of operations and comprehensive loss, items are primarily disclosed by nature except for cash compensation to Company personnel, which were classified as follows:

	Twelve months ended December 31, 2019	Nine months ended December 31, 2018
General and administrative	**1,238**	810
Operating	**132**	86
Total	**1,370**	896

17. Subsequent event

In April of 2020, the Company made the decision to shut-in approximately 50% of its production, primarily its oil production and the natural gas associated with the oil production, due to the significant drop in crude oil prices from an oversupply of oil globally, relative to current demand for oil as a result of the shutdown of economies worldwide to deal with COVID-19. The Company has chosen to preserve the value of its reserves and produce them at a later date when better economic conditions have returned.