Clearview Resources Ltd.

Financial Statements

June 30, 2017

NOTICE OF NO AUDITOR REVIEW

Pursuant to National Instrument 51-102 Part 4, subsection 4.3(3) (a), the accompanying unaudited condensed interim financial statements have been prepared by management and the Company's independent auditors have not performed a review of these condensed interim financial statements.

CLEARVIEW RESOURCES LTD.

Statements of Financial Position

Expressed of Thousands of Canadian Dollars

	Notes	June 30, 2017	March 31, 2017
Assets			
Current assets			
Trade and other receivables	10	2,796	2,310
Deposits and prepaid expenses		603	228
Financial instruments – commodity contracts		745	36
Total current assets		4,144	2,574
Non-current assets			
Property, plant and equipment	3	67,160	68,582
Total assets		71,304	71,156
Liabilities			
Current liabilities			
Credit facility	4	13,925	14,250
Accounts payable and accrued liabilities		3,119	2,892
Total current liabilities		17,044	17,142
Non-current liabilities			
Asset retirement obligations	5	15,895	15,607
Total liabilities		32,939	32,749
Shareholders' equity			
Common shares	6	56,327	56,327
Contributed surplus	6	975	735
Deficit		(18,937)	(18,655)
Total shareholders' equity		38,365	38,407
Total liabilities and equity		71,304	71,156

Subsequent event – Note 4

See accompanying notes to the financial statements

Approved by the Board of Directors:

" Original Signed Gregory Baum"

" Original Signed Richard Carl"

CLEARVIEW RESOURCES LTD.
Statements of Operations and Comprehensive Loss
Expressed in Thousands of Canadian Dollars

Three months ended June 30	Notes	**2017**	**2016**
Revenue			
Petroleum sales		4,796	1,542
Realized gain (loss) - commodity contracts		119	(52)
Unrealized gain (loss) - commodity contracts		709	(300)
Processing fees		167	159
		5,791	1,349
Expenses			
Royalties		517	25
Production and transportation		2,556	1,134
General and administrative		535	227
Stock based compensation	6	240	296
Finance	7	321	127
Depletion	3	1,904	659
		6,073	2,468
Net loss and comprehensive loss		(282)	(1,119)

Loss per voting common share – basic and diluted	6	(0.03)	(0.36)

See accompanying notes to the financial statements

CLEARVIEW RESOURCES LTD.

Statements of Changes in Equity

Expressed in Thousands of Canadian Dollars

	Voting common shares		Contributed Surplus	Deficit	Total Equity
	#	$	$	$	$
Balance, March 31, 2016	3,098,782	30,502	-	(16,759)	13,743
Stock based compensation	-	-	735	-	735
Issue of voting common shares	5,339,084	26,140	-	-	26,140
Share issue costs	-	(315)	-	-	(315)
Net loss and comprehensive loss	-	-	-	(1,896)	(1,896)
Balance, March 31, 2017	8,437, 866	56,327	735	(18,655)	38,407
Stock based compensation (Note 6)	-	-	240	-	240
Net loss and comprehensive loss	-	-	-	(282)	(282)
Balance, June 30, 2017	8,437,866	56,327	975	(18,937)	38,365

See accompanying notes to the financial statements

CLEARVIEW RESOURCES LTD.
Statements of Cash Flows
Expressed in Thousands of Canadian Dollars

Three months ended June 30	**Notes**	**2017**	**2016**
Cash provided by (used in):			
Operating activities			
Net loss and comprehensive loss		(282)	(1,119)
Adjustments for:			
Unrealized (gain) loss on commodity contracts		(709)	300
Stock based compensation	6	240	296
Accretion of decommissioning provision	5	84	34
Depletion	3	1,904	659
Changes in non-cash working capital	8	27	(373)
Cash provided by (used in) operating activities		1,264	(203)
Investing activities			
Additions to property, plant and equipment		(278)	(88)
Changes in non-cash working capital	8	(346)	17
Cash used in investing activities		(624)	(71)
Financing activities			
Change in credit facility		(325)	225
Changes in non-cash working capital	8	(315)	49
Cash provided by (used in) financing activities		(640)	274
Change in cash		-	-
Cash and cash equivalents, beginning of period		-	-
Cash and cash equivalents, end of period		-	-
Supplemental information			
Interest paid on credit facility	7	197	73

See accompanying notes to the financial statements

Expressed in Thousands of Canadian Dollars

1. Nature of operations

The principal business activity of Clearview Resources Ltd. (the "Company") is the acquisition and development of oil and natural gas properties. The Company's corporate head office address is 2400, 635 – 8th Avenue SW, Calgary, AB T2P 3M3.

2. Basis of preparation

Statement of compliance

These financial statements were approved and authorized for issue by the Company's Board of Directors on August 24, 2017.

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as disclosed in Note 3 in the Company's audited financial statements for the year ended March 31, 2017. These financial statements should be read in conjunction with those financial statements and the notes thereto. These unaudited condensed interim financial statements do not include all of the required disclosure for annual financial statements.

3. Property, plant and equipment

(a) Oil and natural gas assets

	3 months ended June 30, 2017	Year ended March 31, 2016
Cost		
Balance, beginning of the period	94,283	60,166
Acquisitions	-	36,334
Additions	482	6,335
Derecognition of fully depleted assets	(255)	-
Disposals	-	(8,552)
Balance, end of the period	94,510	94,283
Accumulated depletion		
Balance, beginning of the period	(25,701)	(27,703)
Depletion and impairment	(1,904)	(3,502)
Derecognition of fully depleted assets	255	-
Disposals	-	5,504
Balance, end of the period	(27,350)	(25,701)
Net book value, end of the period	67,160	68,582

Expressed in Thousands of Canadian Dollars

(b) Acquisitions

In the three months ended March 31, 2017, the Company acquired oil and natural gas assets located in Central Alberta. The acquisition was accounted for as business combination:

Net assets at estimated fair values:	
Property, plant and equipment	36,334
Asset retirement obligations (Note 6)	(3,852)
Gain on acquisition	(1,971)
Deferred income tax	(729)
	29,782
Consideration:	
Cash – net of closing adjustments	29,782

(c) Depletion

The depletion cost base includes future development costs of $77,957 (March 31, 2017 - $77,957).

(d) Cash generating units (CGU's)

Management reviewed its cash generating units following the acquisitions in the three months ended March 31, 2017 and in light of its current strategic and operating objectives. The review resulted in the combining of the two Southern Alberta CGU's as both prior CGU's are primarily oil producing assets, the assets are geographically proximate and both are outside the Company's core operating area in West Central Alberta. Both CGU's were adjusted for impairment at March 31, 2017 and therefore carried at their respective recoverable amounts at March 31, 2017. Once combined as of April 1, 2017 the carrying value of the combined CGU is $7,446 being the sum of the recoverable amounts at March 31, 2017. The Company's CGU's are listed in the following table:

Cash generating units	
Fiscal 2018 and future years	Fiscal 2017 and prior years
Central Alberta Gas CGU	Central Alberta Gas CGU
Central Alberta Oil CGU	Central Alberta Oil CGU
Southern Alberta Oil CGU	Southern Alberta Oil CGU 1
	Southern Alberta Oil CGU 2

Expressed in Thousands of Canadian Dollars

4. Credit facility

At June 30, 2017, the Company had a demand revolving operating facility with an Alberta based financial institution with a facility limit of $26,000. The credit facility was subject to an interest rate of lender prime plus 3.0% per annum (5.70% at June 30, 2017) and required monthly payments of interest only.

At June 30, 2017, the Company had drawn $13,925 on the revolving facility (March 31, 2016 - $14,250).

The scheduled annual review by the lender was completed in August 2017. The credit facility was renewed with a facility limit of $21,000, reflecting the lower commodity prices since the last review. There was no change in the interest rate or in required monthly payments which are for interest only. An interim review is to be completed by January 31, 2018 and the next annual review is to be completed by July 31, 2018. 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.

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 the purposes of compliance with the covenant, the amount drawn on the credit facility and the fair value of any commodity contracts are excluded and the unused portion of the revolving facility is added to working capital). At June 30, 2017 the Company's working capital ratio for purposes of the lender's working capital covenant, was 4.65 to 1.

5. Asset retirement obligations

The following table presents the continuity of the asset retirement obligations:

Periods ended	3 months ended June 30, 2017	Year ended March 31, 2017
Balance, beginning of the period	15,607	7,358
Disposal of oil and natural gas assets	-	(1,137)
Acquisitions and additions – oil and natural gas assets	-	3,873
Change of estimates	204	5,380
Accretion	84	133
Balance, end of the period	15,895	15,607

The future estimated cash outflows required to settle the obligation have been discounted using a risk-free rate of 2.07% at June 30, 2017 (March 31, 2017 – 2.17%). The total undiscounted amount of future cash flows required to settle the obligation as estimated at June 30, 2017 was $22,700 (March 31, 2017 - $22,700).

Expressed in Thousands of Canadian Dollars

6. Share capital

(a) Authorized shares

Unlimited voting common shares

Unlimited non-voting common shares

Unlimited preferred shares with multiple classes

The Class C preferred shares were redeemed by the Company in February 2016

(b) Issued voting common shares

	#	$
Balance, March 31, 2016	3,098,782	30,502
Issued	5,339,084	26,140
Share issue costs	-	(315)
Balance, March 31, 2017 and June 30, 2017	8,437,866	56,327

(c) Contributed surplus

The following table presents the continuity of contributed surplus:

Periods ended	Three months ended June 30, 2017	Year ended March 31, 2017
Balance, beginning of the period	735	-
Stock based compensation expense	240	735
Balance, end of the period	975	735

(d) Per share amounts

Dilutive elements are not considered in the period of a net loss and consequently the 722,000 (2016 – 309,800) stock options were excluded from the computation of diluted loss per share in the computation for the three months ended June 30, 2017.The loss per voting common share was determined as follows:

Three months ended June 30	2017	2016
Net loss	(282)	(1,119)
Weighted average shares outstanding - basic	8,437,866	3,098,782
Loss per voting common share – basic and diluted	(0.03)	(0.36)

Expressed in Thousands of Canadian Dollars

e) Stock options

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.

During the three months ended June 30, 2017, the Company granted options for 325,000 voting common shares (year ended March 31, 2017 – 397,000) with an exercise price of $5.00 (year ended March 31, 2017 - $4.50) per share under option. The options granted in the current period vest 1/3 on each of the first, second and third anniversaries and expire 7 years after 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:

	Three months ended June 30, 2017	Year ended March 31, 2017
Inputs		
Exercise price	$5.00	$4.50
Volatility	73%	73%
Expected option life	7.0 years	7.0 years
Dividend	$nil	$nil
Risk-free interest rate	0.5%	0.5%
Outcomes		
Estimated cost per voting common share under option	$3.36	$3.05
Total estimate cost to be amortized over the vesting period	$1,091	$1,209
Stock based compensation expense for the period	$240	$735

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

	Number of shares under option	Weighted average exercise price
Balance, March 31, 2016	-	-
Granted	397,000	$4.50
Balance, March 31, 2017	397,000	$4.50
Granted	325,000	$5.00
	722,000	$4.73

Expressed in Thousands of Canadian Dollars

The following is a summary of options outstanding at June 30, 2017:

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
397,000	5.99-6.40	$4.50	208,267	5.99-6.15	$4.50
325,000	6.88	$5.00	-	-	-
722,000	5.99-6.88	$4.73	208,267	5.99-6.15	$4.50

7. Finance expense

Three months ended June 30	2017	2016
Accretion of asset retirement obligations	84	34
Interest on credit facility	197	73
Credit facility fees and costs	40	20
Finance expense for the period	321	127

8. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

Three months ended June 30	2017	2016
Cash provided by (used in):		
Trade and other receivables	(486)	(473)
Deposits and prepaid expenses	(375)	81
Accounts payable and accrued liabilities	227	85
	(634)	(307)
Related to:		
Operating activities	27	(373)
Investing activities	(346)	17
Financing activities	(315)	49
Changes in non-cash working capital for the period	(634)	(307)

Expressed in Thousands of Canadian Dollars

9. Related party transactions

All transactions involving current and former officers and directors are measured at fair value.

The Company has an agreement with the President and Chief Executive Officer assigning the officer a 1% gross over-riding royalty interest on production or royalty revenue from those oil or natural gas properties owned as at June 28, 2016. This royalty interest is attached to the property and transfers to the purchaser on the sale or other disposition of the property. The royalty expense for the three months ended June 30, 2017 amounted to $15 (Year ended March 31, 2017 - $55). Accounts payable and accrued liabilities at June 30, 2017 included $10 (March 31, 2017 - $10) for the royalties payable to the officer.

Certain operating and office costs are shared with a corporation with a director in common with the Company. Occupancy costs amounting to $6 (Year ended March 31, 2017 - $31) were recovered from this related party in the three months ended June 30, 2017. Geological systems costs of $19 (Year ended March 31, 2017 - $19) were paid to this related party.

10. Risk management and financial instruments

(a) Credit risk

The maximum exposure to credit risk is the amount of trade and other receivables comprised of the following carrying amounts, of which $866 (March 31, 2017 - $1) was greater than 90 days:

	June 30, 2017	March 31, 2017
Petroleum and natural gas revenue	1,450	830
Industry partners	449	1,358
Other	897	122
Total trade and other receivables	2,796	2,310

The receivable greater than 90 days of $866 (included as “Other” in the table above) was the amount due to the Company pursuant to the final statement of adjustments for an acquisition of oil and natural gas assets in March 2017, which was settled in full in July 2017.

(b) Commodity price risk

The following commodity price contracts were outstanding during the three months ended June 30, 2017, with the same Alberta based financial institution with which the Company has a loan outstanding (Note 4):

Commencement Date	Expiry Date	Units	Volume	Underlying Commodity	Fixed Price
February 1, 2017	January 31, 2018	bbls/day	50	NYMEX WTI CDN	$70.00
March 1, 2017	February 28, 2018	bbls/day	50	NYMEX WTI CDN	$70.52
April 1, 2017	March 31, 2018	bbls/day	50	NYMEX WTI CDN	$70.00
April 1, 2017	March 31, 2018	bbls/day	50	NYMEX WTI CDN	$70.25
March 1, 2017	February 28, 2018	GJ/day	700	CGPR AECO CDN	$2.70
April 1, 2017	March 31, 2018	GJ/day	1,200	CGPR AECO CDN	$2.77
May 1, 2017	October 31, 2017	GJ/day	950	CGPR AECO CDN	$2.735
June 1, 2017	December 31, 2017	GJ/day	950	CGPR AECO CDN	$2.90

Expressed in Thousands of Canadian Dollars

The net mark to market value of the instruments contracted and outstanding at June 30, 2017 was an unrealized gain of $745 classified as a current asset (March 31, 2017 – $36). The change in the mark to market value during the three months ended June 30, 2017 resulted in an unrealized gain of $709 (Year ended March 31, 2017 – $83). The realized gain for the three months ended June 30, 2017 was $119 (Year ended March 31, 2017 – realized loss of $274).

(c) Capital management

The Company monitors net debt in order to manage its capital. Net debt is defined to exclude non-current liabilities and financial instruments and is determined on the following basis:

	June 30, 2017	March 31, 2017
Accounts receivable	2,796	2,310
Prepaid expenses and deposits	603	228
Credit facility	(13,925)	(14,250)
Accounts payable and accrued liabilities	(3,119)	(2,892)
Net debt	(13,645)	(14,604)