CLEARVIEW RESOURCES LTD

Clearview Resources Ltd.

Condensed Interim Financial Statements
(unaudited)

For the three and six months ended June 30, 2020

Notice to Reader

The June 30, 2020 Condensed Interim Financial Statements have been prepared by and are the responsibility of management. These financial statements have not been reviewed by the Company's independent external auditors.

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

	Notes	June 30, 2020	December 31, 2019
Assets			
Current assets			
Trade and other receivables		**2,283**	2,940
Prepaid expenses and deposits		**703**	606
Total current assets		**2,986**	3,546
Exploration and evaluation assets	5	**408**	405
Property, plant and equipment	6	**51,744**	76,087
Total assets		**55,138**	80,038
Liabilities			
Current liabilities			
Bank debt	7	**14,365**	14,807
Accounts payable and accrued liabilities		**3,214**	3,675
Fair value of financial instruments	13	**261**	224
Decommissioning liabilities	8	**422**	422
		18,262	19,128
Decommissioning obligations	8	**25,149**	23,420
Total liabilities		**43,411**	42,548
Shareholders' equity			
Common shares	9	**75,003**	75,003
Contributed surplus	9	**3,411**	3,202
Deficit		**(66,687)**	(40,715)
		11,727	37,490
Total liabilities and shareholders' equity		**55,138**	80,038

COVID-19 and future operations – Note 1

Commitments – Note 14

See accompanying notes to the condensed interim financial statements

Approved by the Board of Directors:

*"Lindsay Stollery"*______________
Director

*"Richard Carl"*___________
Director

CLEARVIEW RESOURCES LTD.

Condensed Interim Statements of Operations and Comprehensive Loss

(thousands of Canadian dollars except per share amounts) (unaudited)

		Three Months Ended June 30		Six Months Ended June 30	
	Notes	**2020**	**2019**	**2020**	**2019**
Revenues					
Oil and natural gas sales	11	**2,350**	6,318	**6,892**	13,818
Royalties		**(139)**	(805)	**(578)**	(1,600)
		2,211	5,513	**6,314**	12,218
Realized (loss) - commodity contracts	13	**783**	111	**1,320**	(69)
Unrealized gain (loss) - commodity contracts	13	**(1,113)**	292	**(37)**	301
Processing income		**128**	158	**257**	323
		2,009	6,074	**7,854**	12,773
Expenses					
Transportation		**222**	395	**562**	768
Operating		**2,176**	3,092	**5,294**	6,396
General and administrative		**381**	699	**874**	1,237
Stock based compensation	9	**70**	192	**209**	542
Depletion and depreciation		**1,615**	2,566	**3,907**	5,146
Impairment of property and equipment	6	**-**	-	**22,300**	-
Transaction costs		**-**	25	**-**	110
		4,464	6,969	**33,146**	14,199
Finance costs	10	**300**	369	**680**	794
Net loss before taxes		**(2,755)**	(1,264)	**(25,972)**	(2,220)
Income taxes					
Deferred income taxes recovery		**-**	(606)	**-**	(1,108)
Net loss and comprehensive loss		**(2,755)**	(658)	**(25,972)**	(1,112)

Net loss per common share – basic and diluted	9	**(0.24)**	(0.06)	**(2.23)**	(0.10)

See accompanying notes to the condensed interim financial statements

CLEARVIEW RESOURCES LTD.

Condensed Interim Statements of Changes in Shareholders' Equity

(thousands of Canadian dollars) (unaudited)

	Notes	Common shares	Contributed Surplus	Deficit	Shareholders' Equity
Balance as at December 31, 2018		66,494	2,368	(31,947)	36,915
Issuance of common shares		8,482	-	-	8,482
Stock based compensation expense		-	542	-	542
Net loss and comprehensive loss		-	-	(1,112)	(1,112)
Balance as at June 30, 2019		74,976	2,910	(33,059)	44,827
Balance as at December 31, 2019		75,003	3,202	(40,715)	37,490
Stock based compensation expense		-	209	-	209
Net loss and comprehensive loss		-	-	(25,972)	(25,972)
Balance as at June 30, 2020		**75,003**	**3,411**	**(66,687)**	**11,727**

See accompanying notes to the condensed interim financial statements

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

	Notes	Three Months Ended June 30 2020	2019	Six Months Ended June 30 2020	2019
Cash provided by (used in):					
Operating activities					
Net loss and comprehensive loss		**(2,755)**	(658)	**(25,972)**	(1,112)
Adjustments for:					
Unrealized (gain) loss - commodity contracts		**1,113**	(292)	**37**	(301)
Stock based compensation		**70**	192	**209**	542
Accretion of decommissioning obligations	8	**40**	78	**118**	177
Deferred income taxes recovery		**-**	(606)	**-**	(1,108)
Depletion and depreciation		**1,615**	2,566	**3,907**	5,146
Impairment of property and equipment	6	**-**	-	**22,300**	-
Decommissioning expenditures		**-**	-	**(53)**	-
Changes in non-cash working capital	12	**(387)**	(433)	**308**	(906)
		(304)	847	**854**	2,438
Investing activities					
Acquisition of exploration and evaluation assets	5	**-**	-	**-**	(182)
Additions to exploration and evaluation assets		**-**	-	**(3)**	-
Acquisition of property, plant and equipment	4	**14**	(19)	**147**	(329)
Additions to property, plant and equipment	6	**(8)**	(753)	**(347)**	(978)
Disposal of oil and natural gas assets		**-**	-	**-**	4
Changes in non-cash working capital	12	**(413)**	252	**(209)**	(875)
		(407)	(520)	**(412)**	(2,360)
Financing activities					
Issue of bank debt	7	**642**	(327)	**(442)**	(78)
		642	(327)	**(442)**	(78)
Change in cash		**(69)**		**-**	-
Cash and cash equivalents, beginning of period		**69**	-	**-**	-
Cash and cash equivalents, end of period		**-**	-	**-**	-
Supplemental information					
Interest paid on bank debt	10	**99**	273	**481**	545

See accompanying notes to the condensed interim 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 head office is located at 2400, 635 – 8th Ave. SW, Calgary, AB T2P 3M3.

COVID-19 and Economic Uncertainty

Against a backdrop of OPEC and non-OPEC nations initiating an oil price war in the first quarter, in March 2020, the World Health Organization declared a global pandemic following the rapid spread of the coronavirus ("COVID-19"). The subsequent responses and measures initiated by governments worldwide, intended to limit the spread of the pandemic, resulted in a sudden decline in economic activity and a significant increase in economic uncertainty. The reduction in economic activity significantly reduced global demand for commodities including crude oil, natural gas and natural gas liquids and led to a further dramatic decline in crude oil prices. These events have resulted in an environment which has adversely affected the Company's operational results and financial position.

Although the global economies have recently begun to reopen and government authorities are easing restrictions, the situation remains dynamic and the ultimate duration and magnitude of COVID-19 on the global economy and the financial effect on Clearview is unknown at this time.

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 $14.4 million outstanding on the credit facility at June 30, 2020 and has $13.8 million outstanding as of August 26, 2020.

The next borrowing base redetermination is currently scheduled to be completed by no later than September 15, 2020. The available lending limits are based on the lender's interpretation of the Company's reserves and future commodity prices. While the Company maintains an ongoing dialogue with its lender, 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 August 25, 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 temporarily shut-in a significant portion of its operated production to preserve the value of its reserves. This shut-in of production for a period of time in the second quarter 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. Recent improvements in realized sales prices and the forward price curves have improved the Company's ability to generate cash flow from operations and shut-in production has been brought back on-stream. 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 condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using the same accounting policies as those set out in Note 3 of the audited financial statements for the period ended December 31, 2019, except as indicated in Note 3 below. The condensed interim financial statements contain disclosures that are supplemental to the Company's December 31, 2019 audited financial statements. Certain disclosures, which are normally required to be included in the notes to the audited annual financial statements, have been condensed or omitted. The condensed interim financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the period ended December 31, 2019. In the opinion of management, these condensed interim financial statements contain all adjustments necessary to present fairly the Company's financial position as at June 30, 2020 and the results of its operations and cash flows for the three and six months then ended.

The condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August 25, 2020.

3. Changes in accounting policies

Business Combinations

On January 1, 2020, the Company adopted the amendments to IFRS 3, "Business Combinations", to clarify whether a transaction results in an asset acquisition or a business acquisition. 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. The standard will be applied prospectively. No business combinations were completed during the six months ended June 30, 2020.

(tabular amounts in thousands of Canadian dollars) (unaudited)

4. Business combination

(a) Acquisition of assets

During the six months ended June 30, 2020, the Company acquired working interests of joint venture partners in 7 gross (2.9 net) wells in its Central Alberta Oil CGU. The joint venture partners paid Clearview $147 thousand to acquire their working interests, representing the value of the assets less the cost of decommissioning obligations of $182 thousand (twelve months ended December 31, 2019 - $16 thousand).

(b) Acquisition of Private Co. assets

In the prior year, 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	(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%.

(tabular amounts in thousands of Canadian dollars) (unaudited)

(c) Disposition of assets

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.

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.

	Six Months Ended June 30, 2020	Twelve Months Ended December 31, 2019
Balance, beginning of the period	**405**	248
Acquisition of E&E assets	**-**	182
Additions	**3**	-
Expense	**-**	(25)
Balance, end of the period	**408**	405

6. Property, plant and equipment

(a) Oil and natural gas assets

	Six Months Ended June 30, 2020	Twelve Months Ended December 31, 2019
Cost		
Balance, beginning of the period	**123,969**	111,955
Acquisitions (see Note 4 (a))	**35**	10,780
Asset retirement costs	**1,482**	194
Additions	**347**	1,474
Disposals	**-**	(434)
Balance, end of the period	**125,833**	123,969
Accumulated depletion, depreciation and impairment		
Balance, beginning of the period	**(47,882)**	(34,521)
Depletion and depreciation	**(3,907)**	(10,041)
Impairment expense	**(22,300)**	(3,750)
Disposals	**-**	430
Balance, end of the period	**(74,089)**	(47,882)
Net book value, end of the period	**51,744**	76,087

(tabular amounts in thousands of Canadian dollars) (unaudited)

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

(b) Depletion and depreciation

The depletion cost base includes future development costs ("FDC") as appropriate. At June 30, 2020, the Company estimated its FDC to be $160.8 million (December 31, 2019 - $160.8 million).

(c) Impairment

At March 31, 2020, due to the decline in current and forward oil, natural gas and natural gas liquids prices, Clearview determined there were indicators of impairment present affecting all of its CGU's. As a result, the Company completed an impairment test on its three CGU's, Central Alberta Gas, Central Alberta Oil and Southern Alberta Oil at March 31, 2020 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 10 to 20 percent. The tests indicated an impairment in all three CGU's. For the Central Alberta Gas CGU, the carrying value exceeded the recoverable amount by $13.8 million, the Central Alberta Oil CGU carrying value exceeded the recoverable amount by $7.0 million and the Southern Alberta Oil CGU carrying value exceeded the recoverable amount by $1.5 million. This resulted in a total impairment of $22.3 million.

The following table details the forward pricing used in estimating the recoverable amount of each CGU at March 31, 2020.

Year	WTI US/bbl	Edmonton Light Cdn/bbl	Bow River Medium Cdn/bbl	Propane Cdn/bbl	Butane Cdn/bbl	Pentane Cdn/bbl	AECO Spot Cdn/gj
2020	29.17	29.22	19.55	10.04	18.27	34.35	1.74
2021	40.45	46.85	35.07	17.08	29.70	50.72	2.20
2022	49.17	59.27	46.87	23.55	37.87	62.80	2.38
2023	53.28	65.02	51.81	26.03	41.80	68.49	2.45
2024	55.66	68.43	54.85	27.57	44.14	71.73	2.53
2025	56.87	69.81	56.29	28.19	45.02	73.16	2.60
2026	58.01	71.24	57.54	28.83	45.95	74.66	2.66
2027	59.17	72.70	58.82	29.49	46.89	76.19	2.72
2028	60.35	74.19	60.12	30.17	47.86	77.75	2.79
2029	61.56	75.71	61.44	30.85	48.84	79.34	2.85
2030	62.79	77.22	62.67	31.47	49.81	80.93	2.91
2031	64.05	78.77	63.92	32.10	50.81	82.55	2.97
2032	65.33	80.34	65.20	32.74	51.83	84.20	3.03
2033	66.63	81.95	66.50	33.40	52.86	85.88	3.09
2034	67.97	83.59	67.83	34.07	53.92	87.60	3.15
2035+	+2.0%/yr	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.

(tabular amounts in thousands of Canadian dollars) (unaudited)

The results of Clearview's impairment tests are sensitive to changes in: quantities of reserves and future production, forward commodity pricing as forecast by three independent reservoir engineering companies, development costs, operating costs, royalty obligations, abandonment costs and discount rates. As such, any changes to these key estimates could decrease or increase the recoverable amounts of assets and result in additional impairment charges or in the reversal of previously recorded impairments charges.

As at March 31, 2020, all else being equal, a 1% change in the discount rate or a 5% change in the forecast operating cash flows would result in the following charge to impairment expense being recognized.

($ thousands)	1% change in discount rate	5% change in cash flows
Central Alberta Gas CGU	652	812
Central Alberta Oil CGU	1,095	957
Southern Alberta Oil CGU	8	38
Total	1,755	1,807

The Company completed an impairment test on its Central Alberta Gas CGU and Southern Alberta Oil CGU at December 31, 2019 resulting in an impairment of $3.75 million in its Central Alberta Gas CGU.

7. Bank debt

At June 30, 2020, 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, 2019 - $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.

Borrowings under the credit facility are subject to an interest rate of lender prime plus 4.0% per annum (2.45% at June 30, 2020) 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 5.0% per annum plus the guaranteed note rate for 30, 60, 90 or 180 day terms (0.56% at June 30, 2020 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 June 30, 2020, the Company had drawn $14.4 million on the revolving facility (December 31, 2019 - $14.8 million) and had $10 thousand in outstanding letters of credit.

The next review has been deferred and is currently scheduled to be completed by no later than September 15, 2020. As the available lending limits are based on the lender's interpretation of the

(tabular amounts in thousands of Canadian dollars) (unaudited)

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 June 30, 2020, the Company's working capital ratio for purposes of the lender's working capital covenant was 2.0:1 (December 31, 2019 – 1.8:1). 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 June 30, 2020 was 2.35.

8. Decommissioning obligations

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

	Six Months Ended June 30, 2020	Twelve Months Ended December 31, 2019
Balance, beginning of the period	**22,842**	22,645
Disposition of obligations	**-**	(4)
Obligations settled	**(53)**	(289)
Acquisition (see Note 4 (a))	**182**	835
Changes in estimates	**1,482**	198
Accretion (see Note 10)	**118**	457
Total	**25,571**	23,842
Current portion of decommissioning obligations	**(422)**	(422)
Balance, end of the period	**25,149**	23,420

Decommissioning obligations assumed as part of the acquisitions of joint venture partner working interests in note 4(a) resulted in an increase in the obligation of $0.2 million. During the six months ended June 30, 2020, the Company incurred $53 thousand in abandoning 1 gross (0.5 net) wells.

Decommissioning obligations assumed as part of the 2019 acquisition in Note 4(b) were initially measured at fair value using a credit adjusted risk free rate of 13% for a total of $0.8 million. The reduction to a risk-free rate of 1.9% at the end of the first quarter of 2019 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(b) for a total change in estimate of $0.2 million in the year.

(tabular amounts in thousands of Canadian dollars) (unaudited)

In 2019, the Company incurred $0.3 million in abandoning 10 gross (3.75 net) wells.

The future estimated cash outflows required to settle the obligations have been discounted using a risk-free rate of 0.99% at June 30, 2020 (December 31, 2019 at 1.74%). An inflation rate of 0.99% at June 30, 2020 (December 31, 2019 at 1.33%) 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 June 30, 2020 was $30.0 million (December 31, 2019 - $31.9 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.

Pursuant to the Company's enrollment in the Asset Based Closure program for the abandonment of inactive wells, sites and facilities, the Company was required to spend approximately $0.4 million in decommissioning obligations in 2020. On June 17, 2020 the Alberta Energy Regulator suspended the inactive liability reduction target for the remainder of 2020. The Company has reflected the $0.4 million as a current liability on the balance sheet to be incurred in 2021.

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 as at December 31, 2018	10,309,845	66,494
Issued on acquisition of assets (Note 4 (b))	1,361,542	8,509
Balance as at December 31, 2019 and June 30, 2020	**11,671,387**	**75,003**

(c) Contributed surplus

The following table presents the continuity of contributed surplus.

	Six Months Ended June 30, 2020	Twelve Months Ended December 31, 2019
Balance, beginning of the period	**3,202**	2,368
Stock based compensation	**209**	834
Balance, end of the period	**3,411**	3,202

(tabular amounts in thousands of Canadian dollars) (unaudited)

(d) Per share amounts

The loss per voting common share was determined as follows:

	Three Months Ended June 30 2020	2019	Six Months Ended June 30 2020	2019
Net loss and comprehensive loss	(2,755)	(658)	(25,972)	(1,112)
Weighted average shares outstanding- basic and diluted (thousands)	11,671	11,667	11,671	11,269
Total	(0.24)	(0.06)	(2.23)	(0.10)

For the six months ended June 30, 2020 and 2019, 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.

(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 the grants.

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

	Number of shares under option	Weighted average exercise price
Balance as at December 31, 2018	1,122,001	$4.83
Expired	(60,834)	$4.75
Balance as at December 31, 2019 and June 30, 2020	**1,061,167**	**$4.81**

The following table summarizes the options outstanding at June 30, 2020.

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	3.07	$4.50	344,500	3.07	$4.50
253,167	3.89	$5.00	250,667	3.89	$5.00
463,500	4.80	$5.00	308,999	4.80	$5.00
1,061,167	**4.02**	**$4.83**	**904,166**	**3.89**	**$4.81**

(tabular amounts in thousands of Canadian dollars) (unaudited)

10. Finance expense

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Accretion (see Note 8)	40	78	118	177
Interest on bank debt	230	271	509	567
Interest rate risk management contracts	11	-	11	-
Credit facility fees and other	19	20	42	50
Total	300	369	680	794

11. Revenue

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.

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Crude oil	765	4,457	3,124	8,776
Natural gas liquids	521	1,077	1,239	2,476
Natural gas	1,064	784	2,529	2,566
Total	2,350	6,318	6,892	13,818

12. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Cash provided by (used in):				
Trade and other receivables	194	1,181	657	(389)
Prepaid expenses and deposits	(177)	(408)	(97)	(307)
Accounts payable and accrued liabilities	(817)	(954)	(461)	(1,085)
	(800)	(181)	99	(1,781)
Related to:				
Operating activities	(387)	(433)	308	(906)
Investing activities	(413)	252	(209)	(875)
Changes in non-cash working capital	(800)	(181)	99	(1,781)

(tabular amounts in thousands of Canadian dollars) (unaudited)

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 policies 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) 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 to 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 June 30, 2020.

Commencement Date	Expiry Date	Units	Volume	Underlying Commodity	Fixed Price
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
April 1, 2020	October 31, 2020	GJ/day	1,000	AECO 5A – Physical	$1.61
April 1, 2020	October 31, 2020	GJ/day	1,000	AECO 5A - Financial	$1.75
January 1, 2021	December 31, 2021	GJ/day	1,000	AECO 5A – Financial	$2.10
April 1, 2021	October 31, 2021	GJ/day	2,000	AECO 5A - Financial	$1.86
January 1, 2021	December 31, 2021	Bbls/day	Sold 150	US WTI – Call Option	$65.00

(tabular amounts in thousands of Canadian dollars) (unaudited)

The Company's crude oil revenue is exposed to fluctuations in the US/Cdn exchange rate as the benchmark price of oil is based in US dollars. The price received by the Company for its oil production is calculated in Cdn dollars based on the average US/Cdn exchange rate for the month. Clearview had the following financial foreign exchange rate swaps outstanding at March 31, 2020 to mitigate the volatility on a portion of its oil revenues.

Commencement Date	Expiry Date	Notional Amount	Underlying Commodity	Fixed Rate
July 1, 2020	December 31, 2020	US $200,000	US/Cdn - Financial	1.435

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. The Company had the following financial interest rate swaps outstanding as of June 30, 2020.

Commencement Date	Expiry Date	Notional Amount	Underlying Commodity	Fixed Rate
April 1, 2020	March 31, 2021	$3,000,000	CDOR - Financial	1.41%
April 1, 2020	March 31, 2021	$3,000,000	CDOR - Financial	1.20%

The mark to market value of the instruments contracted and outstanding at June 30, 2020 was an unrealized loss of $0.3 million, classified as a current liability (at December 31, 2019 – unrealized loss of $0.2 million, classified as a current liability). The change in the mark to market value during the six months ended June 30, 2020 resulted in an unrealized loss of $37 thousand (six months ended June 30, 2019 – unrealized gain of $0.3 million) which was recorded in the statement of operations. The realized gain for the six months ended June 30, 2020 was $1.3 million (six months ended June 30, 2019 – realized loss of $69 thousand).

(c) 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 June 30, 2020, the Company's working capital ratio for purposes of the lender's working capital covenant was 2.0:1, (as at December 31, 2019 - 1.8:1).

(tabular amounts in thousands of Canadian dollars) (unaudited)

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	**June 30, 2020**	December 31, 2019
Trade and other receivables	**2,283**	2,940
Prepaid expenses and deposits	**703**	606
Bank debt	**(14,365)**	(14,807)
Accounts payable and accrued liabilities	**(3,214)**	(3,675)
Decommissioning obligations	**(422)**	(422)
Net debt	**(15,015)**	(15,358)

(d) Fair value

As at June 30, 2020 and December 31, 2019, 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. 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 30, 2021 and may be cancelled by either the Company or the landlord on one month's notice to the other party. Payments required under these commitments for each of the next five years are as follows:

	2020	2021	2022	2023	2024	Total
Gas transportation	115	93	4	-	-	212
Office leases	54	54	-	-	-	108
Total	169	147	4	-	-	320