



# CLEARVIEW RESOURCES LTD

**Clearview Resources Ltd.**

**Condensed Interim Financial Statements  
(unaudited)**

**For the three and six months ended June 30,  
2022**

**Notice to Reader**

The June 30, 2022 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, 2022	December 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		-	1,183
Trade and other receivables		5,328	2,933
Prepaid expenses and deposits		1,014	703
<b>Total current assets</b>		<b>6,342</b>	<b>4,819</b>
Exploration and evaluation assets	4	304	436
Property, plant and equipment	5	60,454	68,022
<b>Total assets</b>		<b>67,100</b>	<b>73,277</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank debt	6	3,175	8,772
Accounts payable and accrued liabilities		6,561	4,622
Fair value of financial instruments	14	1,807	1,116
Decommissioning obligations	8	410	410
		<b>11,953</b>	<b>14,920</b>
Convertible debentures	7	1,215	1,208
Decommissioning obligations	8	19,134	24,655
<b>Total liabilities</b>		<b>33,302</b>	<b>40,783</b>
<b>Shareholders' equity</b>			
Common shares	9	75,003	75,003
Equity component of convertible debentures	9	53	53
Contributed surplus	9	3,896	3,783
Deficit		(44,154)	(46,345)
		<b>34,798</b>	<b>32,494</b>
<b>Total liabilities and shareholders' equity</b>		<b>67,100</b>	<b>73,277</b>

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)

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
<b>Revenues</b>					
Oil and natural gas sales	11	12,821	7,207	22,980	13,658
Royalties		(2,093)	(1,220)	(3,979)	(1,675)
		<b>10,728</b>	5,987	<b>19,001</b>	11,983
Realized gain (loss) - financial instruments	14	(2,531)	(1,007)	(3,899)	(1,507)
Unrealized gain (loss) - financial instruments	14	1,424	(1,158)	(691)	(2,235)
Processing income		114	149	249	267
		<b>9,735</b>	3,971	<b>14,660</b>	8,508
<b>Expenses</b>					
Transportation		335	373	614	691
Operating		3,671	2,923	7,295	6,051
General and administrative		878	571	1,361	1,045
Stock based compensation	9	59	61	113	119
Depletion and depreciation		1,733	2,168	3,527	4,172
Gain on disposition of assets	4	(1,218)	-	(1,218)	-
Other costs (income)	12	-	(18)	-	(243)
		<b>5,458</b>	6,078	<b>11,692</b>	11,835
Finance costs	10	429	420	777	872
<b>Earnings (loss) before taxes</b>		<b>3,848</b>	(2,527)	<b>2,191</b>	(4,199)
Income taxes		-	-	-	-
<b>Net earnings (loss) and comprehensive earnings (loss)</b>		<b>3,848</b>	(2,527)	<b>2,191</b>	(4,199)
<b>Net earnings (loss) per common share</b>					
<b>Basic</b>	9	<b>0.33</b>	(0.22)	<b>0.19</b>	(0.36)
<b>Diluted</b>	9	<b>0.30</b>	(0.22)	<b>0.18</b>	(0.36)

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)*

	Common Shares	Equity Component of Convertible Debentures	Contributed Surplus	Deficit	Shareholders' Equity
Balance as at December 31, 2020	75,003	53	3,580	(51,557)	27,079
Stock based compensation expense	-	-	119	-	119
Net loss and comprehensive loss	-	-	-	(4,199)	(4,199)
Balance as at June 30, 2021	75,003	53	3,699	(55,756)	22,999
Balance as at December 31, 2021	75,003	53	3,783	(46,345)	32,494
Stock based compensation expense	-	-	113	-	113
Net income and comprehensive income	-	-	-	2,191	2,191
<b>Balance as at June 30, 2022</b>	<b>75,003</b>	<b>53</b>	<b>3,896</b>	<b>(44,154)</b>	<b>34,798</b>

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		Six Months Ended June 30	
		2022	2021	2022	2021
<b>Cash provided by (used in):</b>					
<b>Operating activities</b>					
Net earnings (loss)		3,848	(2,527)	2,191	(4,199)
Adjustments for:					
Unrealized (gain) loss – financial instruments		(1,424)	1,158	691	2,235
Stock based compensation		59	61	113	119
Accretion of decommissioning obligations and convertible debentures	8	248	118	399	253
Depletion and depreciation		1,733	2,168	3,527	4,172
Gain on disposition of assets		(1,218)	-	(1,218)	-
Other costs (income)		-	-	-	(225)
Decommissioning expenditures		(189)	-	(189)	(80)
Changes in non-cash working capital	13	(675)	(636)	(799)	(487)
		<b>2,382</b>	<b>342</b>	<b>4,715</b>	<b>1,788</b>
<b>Investing activities</b>					
Additions to property, plant and equipment		(550)	(191)	(1,683)	(675)
Proceeds on disposition of assets		1,350	-	1,350	-
Changes in non-cash working capital	13	(90)	(350)	32	164
		<b>710</b>	<b>(541)</b>	<b>(301)</b>	<b>(511)</b>
<b>Financing activities</b>					
Repayment of bank debt	6	(3,899)	(747)	(5,597)	(1,277)
		<b>(3,899)</b>	<b>(747)</b>	<b>(5,597)</b>	<b>(1,277)</b>
Change in cash		(807)	(946)	(1,183)	-
Cash and cash equivalents, beginning of period		807	946	1,183	-
<b>Cash and cash equivalents, end of period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supplemental information</b>					
Interest paid on debt	11	103	264	259	560

See accompanying notes to the condensed interim financial statements

## **CLEARVIEW RESOURCES LTD.**

### ***Notes to the Condensed Interim Financial Statements***

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

**For the three and six months ended June 30, 2022**

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#### **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 – 8<sup>th</sup> Ave. SW, Calgary, AB T2P 3M3.

#### **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 year ended December 31, 2021. The condensed interim financial statements contain disclosures that are supplemental to the Company’s December 31, 2021 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, 2021. 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, 2022 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, 2022.

#### **3. Estimation Uncertainty**

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.

Throughout 2021 and continuing in 2022, both oil and natural gas prices increased significantly, due to a combination of improved global economic activity combined with the roll-out of COVID-19 vaccinations and reduced oil and natural gas supply, partly due to the recent invasion of Ukraine by Russia. Estimates and judgments made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Significant estimates and judgments made by management in the preparation of financial statements are outlined in note 2 to the annual financial statements for the year ended December 31, 2021.

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

#### 4. 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	June 30, 2022	December 31, 2021
Balance, beginning of the period	436	304
Additions	-	132
Dispositions	(132)	-
Balance, end of the period	304	436

During the three months ended June 30, 2022, Clearview disposed of lands, which it had acquired in 2021, in the Jarvie area of Alberta, for proceeds of \$1.35 million. The Company recorded a gain on the disposition of \$1.22 million. The proceeds were immediately applied to reduce the Company’s outstanding bank debt.

#### 5. Property, plant and equipment

##### (a) Oil and natural gas assets

As at	June 30, 2022	December 31, 2021
<b>Cost</b>		
Balance, beginning of the period	127,306	126,497
Asset retirement costs (see Note 8)	(5,724)	(1,167)
Additions	1,683	1,976
Balance, end of the period	123,265	127,306
<b>Accumulated depletion, depreciation and impairment</b>		
Balance, beginning of the period	(59,284)	(59,667)
Depletion and depreciation	(3,527)	(7,917)
Impairment recovery	-	8,300
Balance, end of the period	(62,811)	(59,284)
Net book value, end of the period	60,454	68,022

The Company does not capitalize any of its general and administrative costs.

##### (b) Depletion and depreciation

The depletion cost base includes future development costs (“FDC”) as appropriate. At June 30, 2022, the Company estimated its FDC to be \$147.1 million (December 31, 2021 - \$147.1 million).

##### (c) Impairment

At June 30, 2022, there were no indicators of impairment or reversal of impairment identified on any of the Company’s CGU’s within property, plant and equipment resulting in no impairment tests being

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

performed.

At December 31, 2021, Clearview identified indicators of impairment reversal, primarily due to the increase in commodity prices and significant positive technical revisions due to reduced decline rates and an optimization capital program undertaken during 2021. As a result, the Company completed an impairment reversal test on its three CGU's and determined that the net recoverable amount exceeded the carrying values for the Central Alberta Gas CGU and Central Alberta Oil CGU.

The estimated net recoverable amount was based on before-tax discount rates specific to the underlying reserve category as determined by the Company's independent third-party reserve evaluator at December 31, 2021 and risk profile of each CGU, net of decommissioning obligations. The discount rates used in the valuation was an average of 15% to 20%. The impairment reversal tests, using the fair value less costs to sell method, indicated the Central Alberta Gas CGU's recoverable amount was higher than its carrying value resulting in an impairment reversal of \$5.8 million and that the Central Alberta Oil CGU's recoverable amount was higher than its carrying value resulting in an impairment reversal of \$2.5 million, both recorded as a reversal of impairment in earnings, for a total reversal of impairment of \$8.3 million.

The table below details the pricing used in estimating the recoverable amounts at December 31, 2021.

Year	WTI	Edmonton Light	Bow River Medium	Propane	Butane	Pentane	AECO Spot
	US/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl	Cdn/bbl
2022	72.83	86.82	75.22	43.38	57.49	91.85	3.56
2023	68.78	80.73	69.92	35.92	50.17	85.53	3.21
2024	66.76	78.01	67.26	34.62	48.53	82.98	3.05
2025	68.09	79.57	68.60	35.31	49.50	84.63	3.11
2026	69.45	81.16	69.98	36.02	50.49	86.33	3.17
2027	70.84	82.78	71.37	36.74	51.50	88.05	3.23
2028	72.26	84.44	72.80	37.47	52.53	89.82	3.30
2029	73.70	86.13	74.25	38.22	53.58	91.61	3.36
2030	75.18	87.85	75.49	38.99	54.65	93.44	3.43
2031	76.68	89.61	77.00	39.77	55.74	95.32	3.50
2032	78.21	91.40	78.54	40.56	56.86	97.22	3.57
2033	79.78	93.23	80.11	41.37	57.99	99.17	3.64
2034	81.37	95.09	81.72	42.20	59.15	101.15	3.71
2035	83.00	96.99	83.35	43.05	60.34	103.17	3.79
2036	84.66	98.93	85.02	43.91	61.54	105.24	3.86
2037+	+2.0%/yr	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.	+2.0%/yr.

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.



## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

#### 6. Bank debt

At June 30, 2022, the Company has a revolving, operating demand loan ("Operating Facility") with an Alberta based financial institution ("Lender") with a credit facility limit of \$10.0 million (December 31, 2021 - \$8.75 million).

During the three months ended June 30, 2022, the Company renewed its credit agreement with its lender, resulting in an upward revision to the Operating Facility, from \$8.75 million to \$10.0 million. In addition, the lender authorized the repayment of the \$6.25 million term loan under the Business Credit Availability Program ("BCAP"), supported by the Export Development Canada ("EDC") Guarantee and the commensurate elimination of this credit facility ("EDC Facility"). The repayment was funded by cash held by the Company and borrowings under the Operating Facility.

At June 30, 2022, Clearview had the following outstanding bank debt.

As at	June 30, 2022	December 31, 2021
Operating Facility - prime-based loans	3,175	25
Operating Facility - guaranteed notes	-	2,497
EDC Facility	-	6,250
Total	3,175	8,772

The Operating Facility is reserve-based, revolving and payable on demand. 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. Drawings under the facility can be undertaken in the form of prime-based loans or guaranteed notes offered by the Lender.

The Operating 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 interest rates applicable to drawings under the facilities are based on a pricing margin grid and can change quarterly as a result of the ratio of all outstanding indebtedness to annualized quarterly funds flows as calculated in accordance with the agreement governing the facility ("Debt to Funds Flow"). Annualized quarterly funds flow is defined as earnings before depletion and depreciation, stock based compensation, accretion of decommissioning obligations and debenture discounts, unrealized gains or losses on commodity contracts, gains or losses on dispositions, non-cash other costs (income) and deferred income taxes.

Under the Operating Facility, prime-based loans are subject to an interest rate of lender prime plus a credit spread of 3.0% to 6.0%, depending on the Debt to Funds Flow ratio of less than 1.0 to greater than 4.0.

Guaranteed notes are subject to the Canadian Dollar Offered Rate ("CDOR") plus a stamping fee of 4.0% to 7.0%, depending on the Debt to Funds Flow ratio of less than 1.0 to greater than 4.0. Guaranteed notes may be undertaken for terms of 30, 60, 90 or 180 days.

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

As of June 30, 2022, the Company is paying 6.7% (lender's prime rate of 3.7% plus a credit spread of 3.0%) on prime based loans. The Company also has the option of borrowing using the lender's guaranteed notes which are subject to a stamping fee plus the guaranteed note rate for 30, 60, 90 and 180 day terms.

The Company is subject to certain reporting and financial covenants, pursuant to its lending agreement. The 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 Operating 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 Operating Facility is added to current assets. At June 30, 2022, the Company's working capital ratio for purposes of the lender's working capital covenant was 1.9:1 (2.2:1 at December 31, 2021). 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, 2022 was 2.2. The Company is also required to maintain commodity swap contracts for 50% (approximately 3,000 GJ per day) of its natural gas production volumes and 250 barrels per day of its oil production volumes.

At June 30, 2022, the Company had \$3.2 million in prime-based loans and \$10 thousand in letters of credit outstanding on the Operating Facility.

The next credit review is scheduled to be completed by no later than June 30, 2023. In the event that the Operating Facility limit is reduced and the amount outstanding exceeds this facility limit, the Company shall have thirty days to repay any shortfall.

## 7. Convertible debentures

	Number of Convertible Debentures	Liability Component	Equity Component
Balance at December 31, 2020	12,621	1,194	53
Accretion of discount	-	14	-
Balance at December 31, 2021	12,621	1,208	53
Accretion of discount	-	7	-
<b>Balance at June 30, 2022</b>	<b>12,621</b>	<b>1,215</b>	<b>53</b>

The Company has \$1.26 million of unsecured convertible debentures outstanding. The interest rate on the debentures is 10%, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. During the term of the debenture, the debenture is convertible into common shares of the Company at the option of the holder based on a conversion price of \$1.50 per common share. Due to the conversion feature of the debenture, the debentures were bifurcated between debt and equity using a discount rate of 11.5% for a debt value of \$1.19 million with the remainder recognized in shareholders' equity as the equity component of the convertible debentures.

The debentures have a term of five years and mature on November 30, 2025. The debentures were not redeemable by the Company in the first year ended December 1, 2021. During the remainder of the term, the Company may redeem the debentures on the following basis:

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

Year 2 – 110% of the principal amount plus accrued interest  
Year 3 – 105% of the principal amount plus accrued interest  
Years 4 and 5 – 100% of the principal amount plus accrued interest

The subscribers to the debenture offering consisted of shareholders of the Company, with the directors and officers of the Company participating in the offering.

#### 8. Decommissioning obligations

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

As at	June 30, 2022	December 31, 2021
Balance, beginning of the period	25,065	26,729
Obligations settled	(189)	(945)
Changes in estimates	(5,724)	(1,167)
Accretion (see Note 10)	392	448
Total	19,544	25,065
Current portion of decommissioning obligations	(410)	(410)
Balance, end of the period	19,134	24,655

The future estimated cash outflows required to settle the obligations have been discounted using a risk-free rate of 3.14% at June 30, 2022 (December 31, 2021 at 1.68%). An inflation rate of 1.78% at June 30, 2022 (December 31, 2021 at 1.82%) was used as an estimate to determine the future cash outflows required to settle the obligations. The total undiscounted and inflated amount of future cash outflows as estimated at June 30, 2022 was \$33.5 million (December 31, 2021 - \$34.0 million). Payments to settle decommissioning obligations occur over the operating lives of the underlying assets, estimated to be over the next 47 years, with most of the expected expenditures to be incurred between 2029 and 2050.

During the first six months of 2022, the risk-free rate has increased from 1.68% at December 31, 2021 to 3.14% at June 30, 2022. This increase in the risk-free rate with a slight decrease in the inflation rate, over the same time period, resulted in a decrease of \$5.7 million in the future estimated cash outflows to settle the Company's decommissioning obligations.

Pursuant to the Company's enrollment in the Area Based Closure ("ABC") program for the abandonment of inactive wells, sites and facilities, the Company is required to spend approximately \$0.4 million in decommissioning obligations in 2022. 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

**CLEARVIEW RESOURCES LTD.****Notes to the Condensed Interim Financial Statements***(tabular amounts in thousands of Canadian dollars) (unaudited)***For the three and six months ended June 30, 2022**

(b) Issued voting common shares

	#	\$
<b>As at December 31, 2020, 2021 and June 30, 2022</b>	<b>11,671,387</b>	<b>75,003</b>

(c) Contributed surplus

The following table presents the continuity of contributed surplus.

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance, beginning of the period	3,783	3,580
Stock based compensation	113	203
<b>Balance, end of the period</b>	<b>3,896</b>	<b>3,783</b>

(d) Per share amounts

For the three and six months ended June 30, 2022, 259,600 options for voting common shares, the conversion of convertible debentures into common shares and deferred share units were included in the computation of diluted per share amounts as the Company has earnings for the each of those periods.

For the three and six months ended June 30, 2021, options for voting common shares, the conversion of convertible debentures into common shares and deferred share units were excluded from the computation of diluted per share amounts as the Company was in a net loss position for each of those periods.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net earnings (loss)	3,848	(2,527)	2,191	(4,199)
Weighted average shares outstanding (thousands)				
Basic	11,671	11,671	11,671	11,671
Diluted	12,810	11,671	12,810	11,671
Net earnings (loss) per share - basic	0.33	(0.22)	0.19	(0.36)
Net earnings (loss) per share - diluted	0.30	(0.22)	0.18	(0.36)

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

#### (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 and employees. 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 options vest 1/3 on the first anniversary of the grant date, 1/3 on the second anniversary and 1/3 on the third anniversary. The options expire seven years from the date of grant.

In the year ended December 31, 2021, the Company granted 50,000 to an officer of the Company with an exercise price of \$3.96 per share under option.

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, 2020	568,100	\$2.74
Granted	50,000	\$3.96
Cancelled	(56,000)	\$1.25
Balance as at December 31, 2021	562,100	\$3.00
Forfeited	(2,000)	\$1.25
Cancelled	(4,000)	\$1.25
<b>Balance as at June 30, 2022</b>	<b>556,100</b>	<b>\$3.02</b>

The following table summarizes the options outstanding at June 30, 2022.

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
246,500	1.36	\$4.69	246,500	1.36	\$4.69
50,000	6.43	\$3.96	-	-	-
259,600	5.41	\$1.25	88,533	5.41	\$1.25
<b>556,100</b>	<b>3.70</b>	<b>\$3.02</b>	<b>335,033</b>	<b>2.41</b>	<b>\$3.79</b>

#### (f) Deferred share units

In the six months ended June 30, 2022, the Company granted 7,544 deferred share units ("DSU's) to directors. In 2021, the Company granted 52,398 DSU's to officers and directors. The DSU's are granted as a long-term incentive program and entitle the holder to receive the underlying number of shares of the Company's common shares when settled. The DSU's are to be settled at the retirement, resignation or death of the holder of the DSU's.

**CLEARVIEW RESOURCES LTD.****Notes to the Condensed Interim Financial Statements***(tabular amounts in thousands of Canadian dollars) (unaudited)***For the three and six months ended June 30, 2022**

The following table presents the continuity of deferred share units.

As at	<b>Six Months Ended June 30, 2022</b>	Year Ended December 31, 2021
Balance, beginning of the period	<b>131,938</b>	79,540
Grants	<b>7,544</b>	52,398
Balance, end of the period	<b>139,482</b>	131,938

**10. Finance costs**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
Accretion of decommissioning obligations	<b>244</b>	115	<b>392</b>	246
Accretion of convertible debenture discount	<b>4</b>	3	<b>7</b>	7
Interest on bank debt	<b>100</b>	265	<b>255</b>	541
Interest on convertible debentures	<b>31</b>	31	<b>63</b>	63
Interest rate swaps	-	-	-	9
Credit facility fees and other	<b>50</b>	6	<b>60</b>	6
Total	<b>429</b>	420	<b>777</b>	872

**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.

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
Crude oil	<b>5,359</b>	3,323	<b>9,648</b>	5,928
Natural gas liquids	<b>2,925</b>	1,709	<b>5,671</b>	3,099
Natural gas	<b>4,537</b>	2,175	<b>7,661</b>	4,631
Total	<b>12,821</b>	7,207	<b>22,980</b>	13,658

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

#### 12. Other costs (income)

Other costs (income) consists of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Bad debt expense	-	(18)	-	(18)
Site rehabilitation program grant income	-	-	-	(225)
Total	-	(18)	-	(243)

In the six months ended June 30, 2022, the Company received no grants through the Alberta Site Rehabilitation Program ("SRP"). In the six months ended June 30, 2021, the Company received \$225 thousand, representing its working interest share, of \$256 thousand of grant funds for abandonment and reclamation operations undertaken on 7 gross (6.8 net) wells.

#### 13. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Cash provided by (used in):				
Trade and other receivables	(920)	(326)	(2,395)	(971)
Prepaid expenses and deposits	(440)	(349)	(311)	(246)
Accounts payable and accrued liabilities	595	(311)	1,939	894
	(765)	(986)	(767)	(323)
Related to:				
Operating activities	(675)	(636)	(799)	(487)
Investing activities	(90)	(350)	32	164
Changes in non-cash working capital	(765)	(986)	(767)	(323)

#### 14. 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.

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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For the three and six months ended June 30, 2022

#### (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 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 Company had the following financial commodity price contracts outstanding at June 30, 2022.

Commencement Date	Expiry Date	Units	Volume	Underlying Commodity	Fixed Price
January 1, 2022	October 31, 2022	GJ/day	3,000	AECO 5A – Financial	\$2.75
July 1, 2022	September 30, 2022	Bbls/day	100	Edmonton Par - Financial	\$80.30
July 1, 2022	September 30, 2022	Bbls/day	150	Edmonton Par - Financial	\$71.90 - \$85.90**

\*\*The Company entered into a costless collar contract whereby it will realize a minimum price of \$71.90 per barrel and a maximum price of \$85.90 per barrel for the term of the contract.

The mark to market value of the instruments contracted and outstanding at June 30, 2022 was an unrealized loss of \$1.8 million, classified as a current liability (at December 31, 2021 – unrealized loss of \$1.1 million). The change in the mark to market value during the six months ended June 30, 2022 resulted in an unrealized loss of \$0.7 million (six months ended June 30, 2021 – unrealized loss of \$2.2 million) which was recorded in earnings. The realized loss for the six months ended June 30, 2022 was \$3.9 million (six months ended June 30, 2021 – realized loss of \$1.5 million).

#### (c) 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.



## CLEARVIEW RESOURCES LTD.

### **Notes to the Condensed Interim Financial Statements**

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

**For the three and six months ended June 30, 2022**

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The Company's financial liabilities at June 30, 2022 which mature within one year are as follows:

Bank debt	<b>3,175</b>
Accounts payable and accrued liabilities	<b>6,561</b>
Fair value of financial instruments	<b>1,807</b>
Current portion of decommissioning obligations	<b>410</b>
Total	<b>11,953</b>

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 facilities are demand loans and as such the lender could demand repayment at any time. 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. Management is not aware of any indications the lender would demand repayment in the next 12 months. At June 30, 2022, the Company had made all its interest and fee payments and was compliant with all the financial covenants. The lender's next review is scheduled to be completed by no later than June 30, 2023. 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.

#### **(d) Capital management**

The Company's objective is to maintain access to sources of capital, defined to be working capital, shareholders' equity, its credit facilities, convertible debentures 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.

## CLEARVIEW RESOURCES LTD.

### Notes to the Condensed Interim Financial Statements

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

For the three and six months ended June 30, 2022

#### Net debt

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, less convertible debentures.

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

As at	June 30, 2022	December 31, 2021
Cash	-	1,183
Trade and other receivables	5,328	2,933
Prepaid expenses and deposits	1,014	703
Bank debt	(3,175)	(8,772)
Accounts payable and accrued liabilities	(6,561)	(4,622)
Decommissioning obligations	(410)	(410)
Convertible debentures	(1,215)	(1,208)
Net debt	(5,019)	(10,193)

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, 2022, the Company's working capital ratio for purposes of the lender's working capital covenant was 1.9:1, (as at December 31, 2021 - 2.2:1).

#### Adjusted funds flow

Adjusted funds flow represents cash provided by operating activities before changes in operating non-cash working capital and decommissioning expenditures. The Company uses this measure to evaluate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment, to repay debt and return capital to shareholders. Management believes that this measure provides an insightful assessment of the Company's operations on a continuing basis by eliminating changes in non-cash working capital and the settlement of decommissioning obligations, the timing of which is discretionary.

The following is a reconciliation of cash provided by operating activities to adjusted funds flow:

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	2022	2021	2022	2021
Cash provided by operating activities	2,382	342	4,715	1,788
Decommissioning expenditures	189	-	189	80
Change in non-cash working capital	675	636	799	487
Adjusted funds flow	3,246	978	5,703	2,355

## **CLEARVIEW RESOURCES LTD.**

### ***Notes to the Condensed Interim Financial Statements***

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

**For the three and six months ended June 30, 2022**

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#### **(e) Fair value**

As at June 30, 2022 and December 31, 2021, 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. The fair value of the convertible debentures approximates its carrying value based on similar instruments derived from quoted indices. 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.