**Clearview Resources Ltd.**

**Financial Statements**

**September 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 | September 30, 2017 | March 31, 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Trade and other receivables | 11 | 2,189 | 2,310 |
| Deposits and prepaid expenses | | 620 | 228 |
| Financial instruments – commodity contracts | | 521 | 36 |
| **Total current assets** | | 3,330 | 2,574 |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 66,237 | 68,582 |
| **Total assets** | | 69,567 | 71,156 |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Credit facility | 5 | 14,025 | 14,250 |
| Accounts payable and accrued liabilities | | 2,982 | 2,892 |
| **Total current liabilities** | | 17,007 | 17,142 |
| **Non-current liabilities** | | | |
| Asset retirement obligations | 6 | 15,813 | 15,607 |
| **Total liabilities** | | 32,820 | 32,749 |
| **Shareholders' equity** | | | |
| Common shares | 7 | 56,327 | 56,327 |
| Contributed surplus | 7 | 1,221 | 735 |
| Deficit | | (20,801) | (18,655) |
| **Total shareholders' equity** | | 36,747 | 38,407 |
| **Total liabilities and equity** | | 69,567 | 71,156 |

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***

| | | 3 months | 3 months | 6 months | 6 months |
|---|---|---|---|---|---|
| **Periods ended September 30** | Notes | **2017** | **2016** | **2017** | **2016** |
| **Revenue** | | | | | |
| Petroleum sales | | 4,225 | 1,711 | 9,020 | 3,254 |
| Realized gain (loss) - commodity contracts | | 476 | (77) | 596 | (129) |
| Unrealized gain (loss) - commodity contracts | | (224) | 172 | 485 | (128) |
| Processing fees | | 198 | 158 | 366 | 316 |
| | | 4,676 | 1,964 | 10,467 | 3,313 |
| **Expenses** | | | | | |
| Royalties | | 412 | 270 | 929 | 295 |
| Production and transportation | | 3,033 | 1,225 | 5,590 | 2,359 |
| General and administrative | | 353 | 312 | 888 | 540 |
| Stock based compensation | 7 | 246 | 81 | 486 | 377 |
| Finance | 8 | 361 | 145 | 681 | 272 |
| Depletion | 4 | 2,135 | 645 | 4,039 | 1,304 |
| | | 6,540 | 2,678 | 12,613 | 5,147 |
| **Net loss and comprehensive loss** | | (1,864) | (714) | (2,146) | (1,834) |
| **Loss per common share – basic and diluted** | 7 | (0.22) | (0.19) | (0.25) | (0.53) |

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 |
|---|---|---|---|---|---|
| | Number | $ | $ | $ | $ |
| 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 | - | - | 486 | - | 486 |
| Net loss and comprehensive loss | - | - | - | (2,146) | (2,146) |
| **Balance, September 30, 2017** | 8,437,866 | 56,327 | 1,221 | (20,801) | 36,747 |

See accompanying notes to the financial statements

## CLEARVIEW RESOURCES LTD.

***Statements of Cash Flows***

***Expressed in Thousands of Canadian Dollars***

| | | 6 months | 6 months |
|---|---|---|---|
| **Periods ended September 30** | **Notes** | **2017** | **2016** |
| **Cash provided by (used in):** | | | |
| **Operating activities** | | | |
| Net loss and comprehensive loss | | (2,146) | (1,834) |
| Adjustments for: | | | |
| Unrealized (gain) loss on commodity contracts | | (485) | 128 |
| Stock based compensation | 7 | 486 | 377 |
| Accretion of asset retirement obligations | 6 | 167 | 67 |
| Depletion | 4 | 4,039 | 1,304 |
| Changes in non-cash working capital | 9 | (710) | 8 |
| **Cash provided by operating activities** | | 1,351 | 50 |
| **Investing activities** | | | |
| Additions to property, plant and equipment | | (1,655) | (101) |
| Changes in non-cash working capital | 9 | 844 | (48) |
| **Cash used in investing activities** | | (811) | (149) |
| **Financing activities** | | | |
| Issue of voting common shares | | - | 5,000 |
| Change in credit facility | | (225) | (4.950) |
| Changes in non-cash working capital | 9 | (315) | 49 |
| **Cash provided by (used in) financing activities** | | (540) | 99 |
| Change in cash | | - | - |
| Cash and cash equivalents, beginning of period | | - | - |
| **Cash and cash equivalents, end of period** | | - | - |
| Supplemental information | | | |
| Interest paid on credit facility | 8 | 389 | 138 |

See accompanying notes to the financial statements

## 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 November 21, 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. Significant accounting policies

The Company's accounting policies are described in Note 3 to the March 31, 2017 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in these interim financial statements.

Accounting standards issued but not yet effective

IFRS 15, "Revenue from Contracts with Customers" is effective for annual periods beginning on or after January 1, 2018, and will be adopted by the Company for its fiscal year ended March 31, 2019. IFRS 15 establishes a single revenue recognition and measurement framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of good and services for the amount it expects to receive, when control is transferred to the purchaser. The Company is in the process of reviewing its revenue streams and underlying contracts with customers to determine the impact, if any, that the adoption of IFRS 15 will have on its financial statements and related disclosure.

IFRS 9, "Financial Instruments" is effective for annual periods beginning on or after January 1, 2018 and will be adopted by the Company for its fiscal year ended March 31, 2019. IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement" and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a company can recognize the portion of the change in fair value related to the change in the company's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements which align hedge accounting more closely with risk management. The Company currently does not intend to apply hedge accounting to any of its existing financial instrument contracts upon adoption of IFRS 9. The Company continues to assess the potential impact, if any, of the adoption of IFRS 9 on the Company's financial statements for the fiscal year ending March 31, 2019.

**Expressed in Thousands of Canadian Dollars**

IFRS 16, "Leases" will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted under certain conditions. The Company currently does not intend to early adopt and accordingly the new standard will be effective for the fiscal year ended March 31, 2020. IFRS 16 requires lessees to recognize most lease assets and lease obligations on the balance sheet, effectively classifying all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assists are exempt from the requirements. Management is currently assessing the potential impact of the adoption of IFRS 16 on the Company's financial statements.

## 4. Property, plant and equipment

(a) Oil and natural gas assets

| | 6 months ended September 30, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Cost | | |
| Balance, beginning of the period | 94,283 | 60,166 |
| Acquisitions | - | 36,334 |
| Additions | 1,694 | 6,335 |
| Derecognition of fully depleted assets | (255) | - |
| Disposals | - | (8,552) |
| Balance, end of the period | 95,722 | 94,283 |
| Accumulated depletion | | |
| Balance, beginning of the period | (25,701) | (27,703) |
| Depletion and impairment | (4,039) | (3,502) |
| Derecognition of fully depleted assets | 255 | - |
| Disposals | - | 5,504 |
| Balance, end of the period | (29,485) | (25,701) |
| Net book value, end of the period | 66,237 | 68,582 |

(b) Acquisitions

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

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

**Expressed in Thousands of Canadian Dollars**

(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 |

## 5. Credit facility

At September 30, 2017, the Company had a demand revolving operating facility with an Alberta based financial institution with a facility limit of $21,000 (March 31, 2017 - $26,000). 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 credit facility is subject to an interest rate of lender prime plus 3.0% per annum (6.20 % at September 30, 2017) and required monthly payments of interest only.

At September 30, 2017, the Company had drawn $14,025 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 reduced facility limit of $21,000, reflecting the lower commodity prices since the last review. 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 September 30, 2017 the Company's working capital ratio for purposes of the lender's working capital covenant, was 3.28 to 1.

**Expressed in Thousands of Canadian Dollars**

## 6. Asset retirement obligations

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

| Periods ended | 6 months ended September 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 | 39 | 5,380 |
| Accretion | 167 | 133 |
| Balance, end of the period | 15,813 | 15,607 |

The future estimated cash outflows required to settle the obligation have been discounted using a risk-free rate of 2.40% at September 30, 2017 (March 31, 2017 – 2.17%). The total undiscounted amount of future cash flows required to settle the obligation as estimated at September 30, 2017 was $26,259 (March 31, 2017 - $22,700). Payments to settle asset retirement obligations occur over the operating lives of the underlying properties, estimated to be between 2 and 46 years, with the majority of the costs to be incurred between 2028 and 2040.

## 7. Share capital

(a) Authorized shares

Unlimited voting common shares

Unlimited non-voting common shares

Unlimited preferred shares with multiple classes

(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 September 30, 2017 | 8,437,866 | 56,327 |

(c) Contributed surplus

The following table presents the continuity of contributed surplus:

| Periods ended | 6 months ended September 30, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance, beginning of the period | 735 | - |
| Stock based compensation expense | 486 | 735 |
| Balance, end of the period | 1,221 | 735 |

**Expressed in Thousands of Canadian Dollars**

(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 for the periods ended September 30, 2017.The loss per voting common share was determined as follows:

| | 3 months | 3 months | 6 months | 6 months |
|---|---|---|---|---|
| Periods ended September 30 | 2017 | 2016 | 2017 | 2016 |
| Net loss | (1,864) | (714) | (2,146) | (1,834) |
| Weighted average shares outstanding - basic | 8,437,866 | 3,787,188 | 8,437,866 | 3,444,866 |
| Loss per voting common share – basic and diluted | (0.22) | (0.19) | (0.25) | (0.53) |

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.

In May 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 May 2017 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:

| | 6 months ended September 30, 2017 | Year ended March 31, 2017 |
|---|---|---|
| | Inputs | 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 | 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 | $486 | $735 |

**Expressed in Thousands of Canadian Dollars**

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 – May 2017 | 325,000 | $5.00 |
| Balance, September 30, 2017 | 722,000 | $4.73 |

The following is a summary of options outstanding at September 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 | 5.74-6.15 | $4.50 | 210,000 | 5.74-6.15 | $4.50 |
| 325,000 | 6.63 | $5.00 | - | - | - |
| 722,000 | 5.74-6.63 | $4.73 | 210,000 | 5.74-6.15 | $4.50 |

## 8. Finance expense

| Periods ended September 30 | 3 months 2017 | 3 months 2016 | 6 months 2017 | 6 months 2016 |
|---|---|---|---|---|
| Accretion of asset retirement obligations | 83 | 33 | 167 | 67 |
| Interest on credit facility | 193 | 65 | 389 | 138 |
| Credit facility fees and costs | 85 | 47 | 125 | 67 |
| Finance expense for the period | 361 | 145 | 681 | 272 |

## 9. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

| Periods ended September 30 | 6 months 2017 | 6 months 2016 |
|---|---|---|
| Cash provided by (used in): | | |
| Trade and other receivables | 121 | (165) |
| Deposits and prepaid expenses | (392) | 86 |
| Accounts payable and accrued liabilities | 90 | 88 |
| | (181) | 9 |
| Related to: | | |
| Operating activities | (710) | 8 |
| Investing activities | 844 | (48) |
| Financing activities | (315) | 49 |
| Changes in non-cash working capital for the period | (181) | 9 |

**Expressed in Thousands of Canadian Dollars**

## 10. Related party transactions

All transactions with related parties 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 six months ended September 30, 2017 amounted to $32 (Year ended March 31, 2017 - $55). Accounts payable and accrued liabilities at September 30, 2017 included $12 (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 $27 (Year ended March 31, 2017 - $31) were recovered from this related party in the six months ended September 30, 2017. Geological systems costs of $19 (Year ended March 31, 2017 - $19) were paid to this related party.

## 11. 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 $496 (March 31, 2017 - $1) was greater than 90 days:

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Petroleum and natural gas revenue | 1,081 | 830 |
| Industry partners | 554 | 1,358 |
| Other | 554 | 122 |
| Total trade and other receivables | 2,189 | 2,310 |

(b) Commodity price risk

The following commodity price contracts were outstanding during the six months ended September 30, 2017 and are with the same financial institution with which the Company has a loan outstanding (Note 5):

| 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 |
| 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 |
| 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 |

**Expressed in Thousands of Canadian Dollars**

The following commodity price contracts were arranged subsequent to September 30, 2017 and are with the same financial institution with which the Company has a loan outstanding (Note 5):

| Commencement Date | Expiry Date | Units | Volume | Underlying Commodity | Fixed Price |
|---|---|---|---|---|---|
| January 1, 2018 | December 31, 2018 | bbls/day | 100 | NYMEX WTI CDN | $65.00 |
| January 1, 2018 | December 31, 2018 | bbls/day | 100 | NYMEX WTI CDN | $67.25 |
| January 1, 2018 | December 31, 2018 | bbls/day | 100 | NYMEX WTI CDN | $70.00 |

The net mark to market value of the instruments contracted and outstanding at September 30, 2017 was an unrealized gain of $521 classified as a current asset (March 31, 2017 – $36). The change in the mark to market value during the six months ended September 30, 2017 resulted in an unrealized gain of $485 (Year ended March 31, 2017 – unrealized gain of $83). The realized gain for the six months ended September 30, 2017 was $596 (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:

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| Trade and other receivables | 2,189 | 2,310 |
| Deposits and prepaid expenses | 620 | 228 |
| Credit facility | (14,025) | (14,250) |
| Accounts payable and accrued liabilities | (2,982) | (2,892) |
| Net debt | (14,198) | (14,604) |