



# CLEARVIEW RESOURCES LTD

**Clearview Resources Ltd.**

**Management Discussion and Analysis (MD&A)**

**June 30, 2023**

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The management discussion and analysis (“MD&A”) is a review of the financial position and results of operations of the Company for the three and six months ended June 30, 2023 and 2022. The MD&A should be read in conjunction with the Company’s unaudited condensed interim financial statements and accompanying notes for the three and six months ended June 30, 2023 and 2022 and the audited financial statements and accompanying notes for the years ended December 31, 2022 and 2021. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Unless otherwise noted, all dollar amounts in the tables are expressed in thousands of Canadian dollars (\$000’s), except per unit amounts. The MD&A has been prepared and approved by the Board of Directors as of August 22, 2023.

Refer to page 22 for information about Non-IFRS Measures, page 25 for information on forward-looking statements and page 26 for measures, conversions and acronyms used in the MD&A.

**OVERVIEW OF THE COMPANY**

Clearview Resources Ltd. (the “Company”) is a privately owned, growth-oriented oil and natural gas producing company based in Calgary, Alberta with production and development primarily focused in the Greater Pembina area of west central Alberta. The Company is a reporting issuer with additional information about the Company available on the Canadian Securities Administrators’ System for Electronic Distribution and Retrieval (“SEDAR+”) at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company’s website at [www.clearviewres.com](http://www.clearviewres.com).

The Company’s oil and natural gas properties are listed below:

Region - Alberta	Property	Primary production	P+P Reserves <sup>1</sup>	Average WI	Operatorship <sup>2</sup>
Greater Pembina	Northville	Liquids rich natural gas	5,585	87%	Yes
	Pembina	Liquids rich natural gas	1,155	80%	Yes
	Wilson Creek	Light oil and liquids rich natural gas	3,804	60%	Yes
	Windfall	Light oil	5,447	100.0%	Yes
	Niton	Light oil	1,318	96%	Yes
	Garrington	Light oil and liquids rich natural gas	1,501	94%	Yes
	Caribou	Light oil	417	70.0%	Yes
	Miscellaneous	Various	73	Various	Mixed
<b>Total</b>			<b>19,300</b>		

<sup>1</sup> mboe of total proved plus probable reserves at December 31, 2022 as determined by the Company’s independent reserves evaluator, McDaniel & Associates Consultants Ltd. less non-core dispositions in the three months ended March 31, 2023.

<sup>2</sup> operatorship of a majority of the property

The Company’s objectives are:

- acquire long life, cash generating oil and natural gas properties with growth potential;
- maintain a low cost and financially robust operating structure;
- reduce to and then maintain the Company’s debt level at a minimal level;
- build the Company’s production base to fund the field capital program from internally generated funds;
- maintain a current licensee liability rating of 2.0 or greater; and
- continue pursuing non-core asset dispositions.

## SELECTED ANNUAL INFORMATION

	Six months ended		Years ended		
	June 30 2023	June 30 2022	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020
Oil and natural gas sales	12,119	22,980	41,176	30,364	16,133
Adjusted funds flow <sup>(1)</sup>	2,373	5,703	9,681	5,573	2,487
Per share – basic <sup>(1)</sup>	0.20	0.49	0.83	0.48	0.21
Per share – diluted <sup>(1)</sup>	0.20	0.45	0.83	0.44	0.21
Cash provided by operating activities	2,134	4,715	8,530	6,130	1,783
Per share – basic	0.18	0.40	0.73	0.53	0.15
Per share - diluted	0.18	0.37	0.73	0.48	0.15
Net earnings (loss)	(1,593)	2,191	(2,549)	5,212	(10,842)
Per share – basic	(0.14)	0.19	(0.22)	0.45	(0.93)
Per share – diluted	(0.14)	0.18	(0.22)	0.42	(0.93)
Total assets	50,962	67,100	55,978	73,277	70,498
Total long term liabilities	16,778	19,134	18,736	25,863	27,581
Net debt (surplus) <sup>(1)</sup>	(1,245)	5,019	539	10,193	13,235
Capital expenditures <sup>(1)</sup>	660	1,683	3,494	2,108	376

(1) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See “Non-IFRS Measures” contained within this MD&A.

In the first six months of 2023, oil and natural gas sales decreased by \$10.9 million, versus the comparative period of 2022, to \$12.1 million as a result of lower realized sales prices for all of the Company’s production and lower production volumes. The decrease in revenue of \$10.9 million was partially offset by a decrease in royalties of \$2.5 million, decreased operating costs of \$1.2 million and a \$3.9 million reduction in realized losses on commodity contracts as compared to the same period of 2022. As a result, adjusted funds flow decreased to \$2.4 million (\$0.20 per basic share) in the first six months of 2023. Cash flow provided by operating activities decreased to \$2.1 million in the first six months ended June 30, 2023. The net loss for the six months ended June 30, 2023 was \$1.6 million (\$0.14 per basic share) versus net earnings of \$2.2 million (\$0.19 per basic share) in the comparative period of 2022. The Company had no net debt on June 30, 2023 as adjusted funds flow in excess of net capital expenditures and proceeds on an additional non-core disposition in the first quarter of 2023 increased working capital. The net surplus of \$1.2 million consists of a working capital surplus of \$2.4 million, including \$3.9 million of cash, offset by the convertible debentures of \$1.2 million.

For the year ended December 31, 2022, the Company’s oil and natural gas sales increased to \$41.2 million due to higher realized sales prices for all its production offset by a 7% decrease in production, year over year, as a result of normal production declines. Adjusted funds flow was \$9.7 million while cash provided by operating activities was \$8.5 million for the year ended December 31, 2022. The net loss for 2022 was \$2.5 million compared to net earnings in the prior year of \$5.2 million. The loss in 2022 was primarily due to an impairment expense associated with the reclassification, to assets held for sale, of a non-operated, minor working interest property in the Central Alberta Oil CGU to its fair value less costs to sell of \$1.5 million. The Company recorded a loss on the reclassification of \$6.5 million. Long term liabilities decreased in the year ended December 31, 2022 due to decommissioning operations undertaken to abandon 24 gross (5.3 net) wells, the reduction of decommissioning liabilities associated with the disposition and reclassification of property, plant and equipment and a higher discount rate positively affecting the discounting of decommissioning obligations. The Company had no bank debt outstanding on December 31, 2022 as adjusted funds flow in excess of net capital expenditures and proceeds on dispositions in 2022 were used for repayment. Net debt of \$0.5 million consists of a working capital surplus of \$0.7 million and the convertible debentures of \$1.2 million.

For the year ended December 31, 2021, the Company's oil and natural gas sales increased to \$30.4 million due to higher realized sales prices for all its production while production remained very steady year over year with a 3% increase. Adjusted funds flow was \$5.6 million while cash provided by operating activities was \$6.1 million for the year ended December 31, 2021. Long term liabilities decreased in the year ended December 31, 2021 due to decommissioning operations undertaken during 2021 to abandon 29 gross (13.2 net) wells and a higher discount rate positively affecting the discounting of decommissioning obligations. Net debt was reduced over the twelve months ended December 31, 2021 as adjusted funds flow in excess of net capital expenditures was applied against bank debt. Net earnings for 2021 were \$5.2 million compared to a net loss in the prior year of \$10.8 million. The increase in 2021 was primarily due to much higher revenues as a result of higher commodity prices and an impairment reversal of \$8.3 million in the fourth quarter of 2021.

## DISCUSSION OF OPERATIONS

### Capital expenditures

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Land	-	-	-	-	3	(100)
Reactivations, optimizations and equipping	83	398	(79)	379	1,306	(71)
Facilities	211	223	(5)	273	336	(19)
Other	7	(71)	(110)	8	38	(79)
Capital expenditures <sup>(1)</sup>	301	550	(45)	660	1,683	(61)
Disposition of properties	16	(1,350)	(101)	(2,095)	(1,350)	55
Net capital expenditures <sup>(1)</sup>	317	(800)	(140)	(1,435)	333	(531)

(1) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See "Non-IFRS Measures" contained within this MD&A.

The Company spent approximately 28% of its adjusted funds flow on capital expenditures in the six months ended June 30, 2023. The capital expenditures incurred were primarily for a well workover in Windfall and facility improvements as part of an approved capital program. The decrease of 61% in capital expenditures, over the comparative period, is primarily due to a reduced recompletion and optimization program approved for 2023 in light of lower commodity prices.

### Production

Production is summarized in the following table:

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Oil – bbl/d	315	446	(29)	376	441	(15)
Natural gas liquids – bbl/d	354	482	(27)	378	487	(22)
Total liquids – bbl/d	669	928	(28)	754	928	(19)
Natural gas – mcf/d	4,660	6,528	(29)	5,209	6,745	(23)
Total – boe/d	1,446	2,016	(28)	1,622	2,052	(21)

Production decreased 28% to 1,446 barrels of oil equivalent per day ("boe/d") for the three months ended June 30, 2023, compared to the same period of 2022 at 2,016 boe/d. The decrease of 28% is due to natural declines, the disposition of non-operated properties at the end of 2022 and in the first quarter of 2023 and production downtime due to wildfires and then subsequent flooding in the quarter. The impact of the wildfires was prolonged due to required third-party midstream facilities being down longer than the Company's producing areas. For the six months ended June 30, 2023, total

production was down 21%. Oil production was down 15%, versus the comparative period, due to declines, the dispositions in the first quarter of 2023, which were primarily oil producing wells and the impact of the wildfires. Natural gas and natural gas liquids production decreased 23% and 22%, respectively, for the six months ended June 30, 2023 versus the comparative period of 2022. The decrease was due to the dispositions at the end of 2022, normal declines and the prolonged impact of the wildfires during the second quarter of 2023.

Clearview's production portfolio for the six months ended June 30, 2023 was weighted 23% to oil, 23% to natural gas liquids and 54% to natural gas. For the six months ended June 30, 2022 the production mix was weighted 21% to oil, 24% to natural gas liquids and 55% to natural gas.

### Benchmark prices and economic parameters

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Oil – West Texas Intermediate (“WTI”) (US \$/bbl)	73.77	108.42	(32)	74.93	101.44	(26)
Oil – Edmonton Par (\$/bbl)	95.04	137.77	(31)	97.09	127.06	(24)
Differential – Light oil (\$/bbl) <sup>(1)</sup>	(4.17)	(0.70)	496	(3.95)	(1.98)	99
NGLs - Pentane (\$/bbl)	93.22	132.11	(29)	100.02	127.25	(21)
NGLs – Butane (\$/bbl)	37.87	67.91	(44)	45.19	70.20	(36)
NGLs – Propane (\$/bbl)	27.44	53.68	(49)	30.46	55.76	(45)
Natural gas – AECO (\$/mcf)	2.45	7.24	(66)	2.84	6.00	(53)
Exchange rate – US\$/Cdn\$	0.74	0.78	(5)	0.74	0.79	(6)

(1) The light oil differential is calculated as WTI in Canadian dollars minus the Edmonton Par price.

The refiners' posted prices for Canadian crude oils are influenced by the WTI reference price, transportation capacity and costs, US\$/Cdn\$ exchange rates and the supply/demand situation of particular crude oil quality streams during the period. Benchmark oil prices in the three months ended June 30, 2023 decreased 32% from an average of US \$108.42 per barrel in 2022 to US \$73.77 per barrel in 2023. This decrease in WTI was a result of global economies slowing on concerns of a recession due to higher interest rates which has weighed on oil prices. Canadian oil prices decreased by 31% in the three months ended June 30, 2023, compared to the same quarter in 2022, as the light oil differential increased by 496% over the same comparative quarter and was offset by the decrease in the US\$/Cdn\$ exchange rate of 5% on top of the decrease in WTI. For the six months ended June 30, 2023, Canadian oil prices decreased by 24% versus the comparative period of 2022, consistent with the decrease in WTI.

Pentane prices decreased over the three and six months ended June 30, 2023 in a very similar manner to WTI pricing and Canadian light oil prices, with a decrease of 29% and 21%, respectively, versus the comparative periods of 2022.

Butane prices decreased over the three and six months ended June 30, 2023, with a decrease of 44% and 36%, respectively, versus the comparative periods of 2022. The decrease in butane prices over 2023 versus the same period in 2022 is due to the decline in WTI prices and reduced demand due to the slowing North American economy.

Propane prices averaged \$27.44 per barrel for the three months ended June 30, 2023, a decrease of 49%, compared to the same period of 2022. Propane prices were much higher in 2022 due to significantly higher US exports into the Asian petrochemical market. The warm winter experienced by most of North America has led to weaker propane prices in the first six months of 2023.

AECO natural gas prices averaged \$2.45 per million cubic feet (“mcf”) for the three months ended June 30, 2023, a decrease of 66% as compared to the same quarter of 2022. AECO pricing continued to decrease through the first six months of 2023 due to increased US production and a very warm winter in most consuming regions of North America.

## Realized sales prices

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Oil – \$/bbl	93.99	132.15	(29)	93.45	120.96	(23)
NGLs – \$/bbl	38.89	66.66	(42)	43.75	64.36	(32)
Natural gas – \$/mcf	2.45	7.64	(68)	2.93	6.27	(53)
Total – \$/boe	37.91	69.89	(46)	41.27	61.88	(33)

Realized prices primarily vary from the benchmark prices due to quality differences, including differences for density and sulphur content. The differential can vary considerably from quarter to quarter. During the three and six months ended June 30, 2023, the Company's realized oil price was lower by 29% and 23%, respectively, than the comparative periods of 2022 as a result of a 31% and 24% decrease, respectively, in Edmonton Par benchmark pricing.

Natural gas liquids prices were lower by 42% in the second quarter of 2023, versus the comparative period of 2022. This decrease was primarily due to lower prices received for all the Company's propane, butane and pentane production as a result of the decrease in WTI and AECO for ethane.

The Company's realized price for natural gas was lower by 68% for the three months ended June 30, 2023. This compares to a 66% decrease in the benchmark AECO price over the same period. For the six months ended June 30, 2023, the Company's realized price for natural gas decreased consistent with the drop in AECO. For the majority of the Company's natural gas production, the Company receives AECO plus a slightly positive adjustment for heating content from natural gas liquids left in the natural gas stream.

On a boe basis, the Company's realized price was 33% lower for the six months ended June 30, 2023, versus the comparative period, due to the lower prices received for all its production.

## Revenues

### Oil and natural gas sales

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Oil	2,696	5,359	(50)	6,367	9,648	(34)
Natural gas liquids	1,250	2,925	(57)	2,990	5,671	(47)
Total liquids	3,946	8,284	(52)	9,357	15,319	(39)
Natural gas	1,039	4,537	(77)	2,762	7,661	(64)
Total sales	4,985	12,821	(61)	12,119	22,980	(47)
Per boe	37.91	69.89	(46)	41.27	61.88	(33)

Crude oil sales decreased 34% in the six months ended June 30, 2023 as a decrease of 23% in realized oil prices was compounded by lower production volumes of 15%, compared to the same period of 2022.

Natural gas liquids revenues were lower by 47% in the six months ended June 30, 2023 as production decreases of 22% were compounded by lower realized natural gas liquids prices of 32%.

Natural gas revenue decreased 64% in the six months ended June 30, 2023 as lower production volumes of 23% were sold for a 53% lower realized natural gas price than in the comparative period of 2022.

The 47% decrease in oil and natural gas sales for the six months ended June 30, 2023 is due to a lower average price received per boe of 33% and 21% lower production than the comparative period of 2022.

Revenues from the sale of oil, natural gas and natural gas liquids are normally collected on the 25<sup>th</sup> day of the month following production. Clearview receives over 96% of its monthly production revenue from its customers on this day throughout the year. The remaining 4% is collected within 30 days after the 25<sup>th</sup> day and represents joint operations, whereby the operator sells the production on Clearview's behalf and subsequently pays Clearview for its working interest share of the revenues.

### Processing income

Clearview has a working interest in natural gas processing and compression facilities at its Garrington, Wilson Creek and Northville properties. The Company earns revenue from processing fees on third party production volumes utilizing these facilities, a fee for service arrangement.

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Processing income	31	114	(73)	79	249	(68)
Per boe	0.24	0.62	(61)	0.27	0.67	(60)

Processing income decreased to \$79 thousand for the six months ended June 30, 2023, a 68% decrease from the comparative period ended June 30, 2022. Processing income decreased primarily due to the disposition of the Carstairs Elkton Unit and East Crossfield properties in 2022.

### Risk management activities

Clearview enters into financial and physical commodity contracts as part of its risk management program to manage commodity price fluctuations, thereby protecting a portion of the revenues received from the sale of its production to its customers.

With respect to financial contracts, which are derivative financial instruments, management has elected not to use hedge accounting. Rather, the Company records the fair value of its natural gas and crude oil financial contracts on the statement of financial position at each reporting period with the change in the fair value being classified as an unrealized gain or loss in earnings.

The Company had the following physical and financial commodity price contracts outstanding.

Commencement Date	Expiry Date	Units	Volume	Underlying Commodity	Fixed Price
April 1, 2023	July 31, 2023	Bbls/d	150	Edmonton Par-Physical	\$104.76
September 1, 2023	December 31, 2023	Bbls/d	100	WTI Cdn\$-Financial	\$108.30
April 1, 2023	October 31, 2023	GJ/d	2,000	AECO 5a-Physical	\$2.13
November 1, 2023	December 31, 2023	GJ/d	2,000	AECO 7a-Financial	\$2.68-3.00

Management monitors the forward price market for oil and natural gas, on an ongoing basis, and may contract additional production volumes as attractive pricing opportunities become available or if production increases from development or acquisitions.

## Royalties

Amount	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Crown – oil	324	938	(65)	751	1,453	(48)
Crown – natural gas liquids	327	880	(63)	874	1,625	(46)
Crown – natural gas	63	440	(86)	225	733	(69)
Gas cost allowance	(397)	(777)	(49)	(703)	(926)	(24)
Total Crown	317	1,481	(79)	1,147	2,885	(60)
Freehold	(70)	305	(123)	64	559	(89)
Gross over-riding	108	307	(65)	266	535	(50)
Total royalties	355	2,093	(83)	1,477	3,979	(63)
Per boe	2.70	11.41	(76)	5.03	10.71	(53)

The Company pays royalties to the provincial government (“Crown”), freeholders and gross over-riding royalty holders, which may be individuals or companies, and other oil and gas companies that own surface or mineral rights. Crown royalties are calculated on a sliding scale based on commodity prices and individual well production rates. Royalty rates can change due to commodity price fluctuations and changes in production volumes on a well-by-well basis, subject to a minimum and maximum rate restriction prescribed by the Crown. The provincial government has also enacted various royalty incentive programs that are available for wells that meet certain criteria which can result in fluctuations in royalty rates. Freehold and gross overriding royalties are generally at a fixed rate. The majority of the Company’s production is on Crown lands.

The Company reviews its entitlement to gas cost allowance at each reporting period. The timeframe for the royalty regulatory process, the complexity of the calculation and the uncertainty (particularly for non-operated properties from which the Company takes its revenue in kind) as to whether the Company will be eligible to actually receive the allowance are factors considered in determining the estimate and the amount to record for that period.

Royalty rate	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Total Crown	6.3%	11.5%	(45)	9.5%	12.6%	(25)
Freehold	(1.4)%	2.3%	(161)	0.5%	2.4%	(79)
Gross over-riding	2.2%	2.4%	(8)	2.2%	2.3%	(4)
Total royalties	7.1%	16.2%	(56)	12.2%	17.3%	(29)

The overall royalty burden for the three months ended June 30, 2023 decreased by 56% to a rate of 7.1% versus 16.2% for the comparative period. Crown royalty rates were lower by 45% and 25%, respectively, for the three and six month periods of 2023 versus 2022, primarily due to much lower prices received for all the Company’s production. Freehold royalties decreased as well due to lower realized prices, the disposition of properties in the fourth quarter of 2022, which were primarily on freehold lands and the adjustment for an over-accrual of freehold mineral taxes related to 2022.

## Transportation expenses

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Transportation costs	305	335	(9)	661	614	8
Per boe	2.31	1.83	26	2.25	1.65	36

Transportation expenses include trucking costs for delivery of the Company’s oil production and third-party pipeline tariffs to deliver natural gas production to the purchasers at the main market hubs. During the first six months of 2023, the Company had 70% of its natural gas volumes under firm



service transportation contracts with NGTL and operators of midstream facilities that process the Company's natural gas production.

Transportation expenses increased 8% in the six months ended June 30, 2023, versus the comparative period of 2022. Transportation expense per boe for the six months ended June 30, 2023 increased 36% versus the comparative quarter of 2022, due to higher per unit charges for trucking and a 21% decrease in production.

### Operating expenses

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Operating costs	2,667	3,671	(27)	6,118	7,295	(16)
Per boe	20.28	20.01	1	20.83	19.65	6

The Company continues to focus on reducing production costs given the volatility of oil and natural gas prices. However, components of operating an oil and natural gas property are essentially fixed, (e.g. property taxes, lease rentals and insurance), resulting in higher operating costs per boe when production declines.

Operating costs per boe for the three months ended June 30, 2023 were \$20.28 per boe, higher by 1% than the comparative quarter of the prior year, at \$20.01 per boe. This increase reflects a 27% decrease in absolute operating costs compounded by a 28% decrease in average production per day. Operating costs per boe for the six months ended June 30, 2023 were \$20.83 per boe, higher by 6% than the comparative period of the prior year, at \$19.65 per boe. This increase reflects a 16% decrease in absolute operating costs compounded by a 21% decrease in average production per day. The decrease in absolute operating costs is partially a reflection of the non-core property dispositions undertaken in the fourth quarter of 2022 and the first quarter of 2023. This reduction was partially offset by upward price pressure on field services from increased demand and general inflation related to fuel and power costs, chemicals, lubricants and other consumables used in continuing operations.

### General and administrative expenses

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Gross costs	883	939	(6)	1,588	1,487	7
Overhead recoveries	(65)	(61)	7	(114)	(126)	(10)
Total G&A expenses	818	878	(7)	1,474	1,361	8
Per boe	6.22	4.79	30	5.02	3.66	37

General and administrative costs, net of recoveries, increased 8% in the six months ended June 30, 2023 versus the comparative period of 2022. The increase in costs is primarily due to increased personnel costs, increased professional fees and higher consultant costs. The higher costs were compounded by lower production volumes for the period resulting in a 37% increase in general and administrative expenses per boe for the six months ended June 30, 2023 versus the comparative period in 2022.

### Stock based compensation

Stock based compensation is the amortization over the vesting period of the fair value of stock options. The Company has granted options to acquire voting common shares to directors, officers and employees to provide an incentive and retention component of the compensation plan. The Board of Directors of the Company set the terms of the options at the time of grant. The fair value of all options granted is estimated at the time of the grant using the Black-Scholes option pricing model.

The first round of options granted in 2016 expire 7 years from the date of grant and vest one third immediately and one third on each of the first and second anniversaries. Subsequent grants also expire 7 years from the date of grant but vest one third on each of the first, second and third anniversaries.

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Stock based compensation	56	59	(5)	113	113	-
Per boe	0.43	0.32	34	0.38	0.30	27

Stock based compensation expense for the three ended June 30, 2023, was lower by 5% versus the comparative period of 2022. The decrease in expense is primarily due to the reversal of stock based compensation expense related to unvested options which were forfeited.

### Depletion and depreciation

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Depletion	1,471	1,732	(15)	3,268	3,525	(7)
Depreciation	1	1	-	1	2	(50)
Total	1,472	1,733	(15)	3,269	3,527	(7)
Per boe – depletion	11.19	9.44	19	11.13	9.49	17
Per boe - depreciation	0.01	0.01	-	0.01	0.01	-
Total	11.20	9.45	19	11.14	9.50	17

The Company calculates depletion on property, plant and equipment using the unit-of-production method based on proved plus probable reserves. Depreciation is calculated based on the useful lives of office equipment and furniture.

The depletion for the three months ended June 30, 2023, decreased 15% versus the comparative quarter of 2022, primarily due to lower production volumes of 28%, offset by a 19% increase in the depletion rate per boe. The depletion rate per boe increase of 19% is primarily due to the reduction of proved plus probable reserves at December 31, 2022.

The depletion for the six months ended June 30, 2023, decreased 7% versus the comparative period of 2022, primarily due to lower production volumes of 21%, offset by a 17% increase in the depletion rate per boe.

## Finance costs

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Interest - bank debt	19	100	(81)	35	255	(86)
Interest - convertible debentures	31	31	-	63	63	-
Interest income	(34)	-	100	(34)	-	100
Credit facility fees and costs	5	50	(90)	8	60	(87)
Cash finance costs <sup>(1)</sup>	21	181	(88)	72	378	(81)
Accretion expense	139	248	(44)	280	399	(30)
Total finance costs	160	429	(63)	352	777	(55)
Per boe – cash finance costs <sup>(1)</sup>	0.16	0.99	(84)	0.25	1.02	(75)
Per boe – accretion expense	1.06	1.35	(21)	0.95	1.07	(11)

(1) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See “Non-IFRS Measures” contained within this MD&A.

Cash finance costs include interest on bank debt, lender fees and interest on convertible debentures.

Interest on bank debt in the six months ended June 30, 2023 decreased by 86% versus the comparative period of 2022. The decrease was due to lower outstanding bank debt being eliminated by adjusted funds flow in excess of capital expenditures in 2022.

Interest income was earned on the investment of excess cash into 30 day term deposits and interest earned on a loan to the purchaser of the Bantry property at prime plus 4%, beginning April 1, 2023. The purchaser has been making all required principal and interest payments on a timely basis.

The interest rates applicable to drawings under the lending agreement 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.

The interest rate on the convertible debentures is 10%, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year.

The accretion of decommissioning obligations relates to the passing of time until the Company estimates it will retire its assets and restore the asset locations to a condition which at a minimum meets environmental standards. This accretion expense is estimated to extend over a period of the next 42 years due to the long-term nature of certain assets. Accretion expense per boe decreased 44% and 30% in the three and six months ended June 30, 2023, respectively, due to the disposition of properties and the higher discount rate used in the calculation of decommissioning obligations.

## Income taxes

The Company has concluded that it is not probable that the deferred income tax asset associated with temporary timing differences will be realized. As a result, it has not been recognized on the statement of financial position at June 30, 2023. Therefore, no deferred income tax expense or recovery has been recorded in earnings in the current period.

Clearview has no current income taxes payable and has estimated tax pools available against income of \$133.7 million, including non-capital tax loss carry-forwards of \$68.5 million which will expire over the years 2024 to 2040.

The Company's estimated tax pools as at June 30, 2023 are set out below:

Nature of tax pool	% <sup>1</sup>	Regular	Successor <sup>2</sup>	Total
Canadian exploration expense (CEE)	100	170	11,561	11,731
Canadian development expense (CDE)	30	6,605	10,977	17,582
Canadian oil and gas property expense (COGPE)	10	20,080	6,519	26,599
Foreign resource expenses	10	3,430	-	3,430
Undepreciated capital cost (UCC)	25	5,853	-	5,853
Share issue costs	20	1	-	1
Non-capital losses carry forward	100	68,489	-	68,489
<b>Total tax pools</b>		<b>104,888</b>	<b>29,057</b>	<b>133,685</b>

<sup>1</sup> The percentage rate shown is the maximum rate of deduction.

<sup>2</sup> The pools can be claimed to the extent of future profits attributable to the acquired properties related to the pools.

### Adjusted funds flow

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

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Cash flow provided by operating activities	224	2,382	(91)	2,134	4,715	(55)
Add back (deduct)						
Decommissioning expenditures	268	189	42	615	189	225
Change in non-cash working capital	351	675	(48)	(376)	799	(147)
<b>Adjusted funds flow <sup>(1)</sup></b>	<b>843</b>	<b>3,246</b>	<b>(74)</b>	<b>2,373</b>	<b>5,703</b>	<b>(58)</b>

(1) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See "Non-IFRS Measures" contained within this MD&A.

Adjusted funds flow decreased 74% for the three months ended June 30, 2023, primarily due to lower revenues from lower production volumes and lower realized prices. For the quarter ended June 30, 2023, cash provided by operating activities was \$0.2 million compared to \$2.4 million for the quarter ended June 30, 2022.

Adjusted funds flow decreased 58% for the six months ended June 30, 2023, primarily due to lower revenues from lower production volumes and lower realized prices. For the six months ended June 30, 2023, cash provided by operating activities was \$2.1 million compared to \$4.7 million for the quarter ended June 30, 2022.

### Net earnings (loss)

	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Change	June 30 2023	June 30 2022	% Change
Net earnings (loss)	(840)	3,848	(122)	(1,593)	2,191	(173)
Per boe	(6.38)	20.97	(130)	(5.42)	5.91	(192)
Per share – basic	(0.07)	0.33	(121)	(0.14)	0.19	(174)
Per share – diluted	(0.07)	0.30	(123)	(0.14)	0.18	(178)

The Company incurred a net loss of \$0.8 million for the three months ended June 30, 2023 compared to net earnings of \$3.8 million in the comparative period of 2022. The Company incurred a net loss of \$1.6 million for the six months ended June 30, 2023 compared to net earnings of \$2.2 million in the

comparative period of 2022. The decrease in earnings versus the comparative periods is primarily due to much lower revenues as a result of lower prices and production volumes.

## Netback analysis

Barrel of oil equivalent (\$/boe)	Three months ended			Six months ended		
	June 30 2023	June 30 2022	% Positive (Negative)	June 30 2023	June 30 2022	% Positive (Negative)
Realized sales price	37.91	69.89	(46)	41.27	61.88	(33)
Royalties	(2.70)	(11.41)	76	(5.03)	(10.71)	53
Processing income	0.24	0.62	(61)	0.27	0.67	(60)
Transportation	(2.31)	(1.83)	(26)	(2.25)	(1.65)	(36)
Operating	(20.28)	(20.01)	(1)	(20.83)	(19.65)	(6)
Operating netback <sup>(2)</sup>	12.86	37.26	(65)	13.43	30.54	(56)
Realized gain (loss) – financial instruments	-	(13.80)	100	-	(10.50)	100
General and administrative	(6.22)	(4.79)	(30)	(5.02)	(3.66)	(37)
Transaction costs	(0.05)	-	(100)	(0.08)	-	(100)
Cash finance costs <sup>(2)</sup>	(0.16)	(0.99)	84	(0.25)	(1.02)	75
Corporate netback <sup>(2)</sup>	6.43	17.68	(64)	8.08	15.36	(47)
Unrealized gain (loss) – financial instruments	-	7.76	(100)	-	(1.86)	100
Stock based compensation	(0.43)	(0.32)	(34)	(0.38)	(0.30)	(27)
Depletion and depreciation	(11.20)	(9.45)	(19)	(11.14)	(9.50)	(17)
Accretion	(1.06)	(1.35)	21	(0.95)	(1.07)	11
Gain (loss) on disposition of assets	(0.12)	6.65	(102)	(1.04)	3.28	(132)
Net earnings (loss)	(6.38)	20.97	(130)	(5.43)	5.91	(192)

(1) % Positive (Negative) is expressed as being positive (better performance in the category) or negative (reduced performance in the category) in relation to operating netback, corporate netback and net earnings.

(2) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See “Non-IFRS Measures” contained within this MD&A.

The Company’s corporate netback for the six months ended June 30, 2023 decreased 47% to \$8.08 per boe versus the comparative period. The decrease is primarily due to a lower realized sales price per boe and higher transportation and operating costs per boe which is partially offset by lower royalties, lower cash finance costs and a lower realized loss on financial instruments in the current period versus the comparative period.

## SUMMARY OF QUARTERLY RESULTS

	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Three months ended	2023	2023	2022	2022	2022	2022	2021	2021
<b>Production</b>								
Oil (bbl/d)	315	438	393	437	446	436	433	450
Natural gas liquids (bbl/d)	354	402	402	509	482	492	487	467
Natural gas (mcf/d)	4,660	5,764	6,125	6,360	6,528	6,965	6,755	6,942
<b>Total (boe/d)</b>	1,446	1,801	1,816	2,006	2,016	2,088	2,045	2,074
<b>Financial</b>								
Oil and natural gas sales	4,985	7,134	8,572	9,624	12,821	10,159	8,918	7,788
Net earnings (loss)	(840)	(753)	(6,407)	1,667	3,848	(1,657)	10,512	(1,101)
Per share – basic	(0.07)	(0.06)	(0.55)	0.14	0.33	(0.14)	0.90	(0.09)
Per share - diluted	(0.07)	(0.06)	(0.55)	0.13	0.30	(0.14)	0.82	(0.09)

In the second quarter of 2023, oil and natural gas sales decreased by \$2.1 million as a result of lower prices for all the Company's production, lower production volumes of all products and the disposition of non-operated properties. Net loss for the three months ended June 30, 2023 was \$0.8 million (\$0.07 per basic share), a 17% increase from the prior quarter, primarily the result of lower revenues.

In the first quarter of 2023, oil and natural gas sales decreased by \$1.4 million as a result of lower prices for crude oil, natural gas, pentanes, propane and butanes and lower production volumes of oil and natural gas due to normal declines and the disposition of non-operated properties. Net loss for the three months ended March 31, 2023 was \$0.75 million (\$0.06 per basic share), an 88% decrease from the prior quarter, primarily the result of a smaller loss on dispositions.

In the fourth quarter of 2022, oil and natural gas sales decreased by \$1.1 million as a result of lower prices for crude oil, natural gas, pentanes, propane and butanes and lower production volumes of oil and natural gas. The decrease in revenue was primarily offset by lower realized losses on risk management contracts of \$36 thousand as compared to the \$1.1 million in the third quarter of 2022. Net loss for the three months ended December 31, 2022 was \$6.4 million ((\$0.55) per basic share), a decrease from the prior quarter, primarily due to an impairment expense to adjust to fair value less costs to sell on the reclassification to assets held for sale, of a non-operated minor working interest property in its Central Alberta Oil CGU, in the fourth quarter of 2022 of \$6.5 million.

In the third quarter of 2022, oil and natural gas sales decreased by \$3.2 million as a result of lower prices for crude oil, natural gas, pentanes, propane and butanes and lower production volumes of oil and natural gas. The decrease in revenue was primarily offset by lower realized losses on risk management contracts of \$1.4 million as compared to the second quarter of 2022. The net earnings for the three months ended September 30, 2022 was \$1.7 million (\$0.14 per basic share), a decrease from the prior quarter, primarily due to the lower revenue and no gain on sales of assets of \$1.2 million offset by the reduced realized losses on risk management contracts of \$1.4 million.

In the second quarter of 2022, oil and natural gas sales increased to \$12.8 million as a result of higher prices for crude oil, natural gas, pentanes and butanes and higher production volumes of oil. The increase in revenue of \$2.7 million was primarily offset by higher royalties of \$0.2 million and higher general and administrative costs of \$0.4 million and an increase in realized losses on financial instruments of \$1.2 million as compared to the first quarter of 2022. The net earnings for the three months ended June 30, 2022 was \$3.8 million (\$0.33 per basic share), an increase from the prior quarter, primarily due to higher revenue, a gain on sales of assets of \$1.2 million and an unrealized gain on financial instruments of \$1.4 million versus an unrealized loss on financial instruments in the first quarter of 2022 of \$2.1 million.

In the first three months of 2022, oil and natural gas sales increased to \$10.2 million as a result of higher prices for crude oil, natural gas, pentanes, propane and butanes and higher production volumes of primarily natural gas. The increase in revenue of \$1.3 million was primarily offset by higher royalties of \$0.2 million and higher operating costs of \$0.5 million and a decrease of \$0.3 million of other income in the quarter as compared to the fourth quarter of 2021. The net loss for the three months ended March 31, 2022 was \$1.7 million (\$0.14 per basic share), an increase from the prior quarter, primarily due to higher operating costs and a higher unrealized loss on financial instruments.

In the fourth quarter of 2021, oil and natural gas sales increased to \$8.9 million as a result of higher prices for crude oil, pentanes, propane and butanes and higher production volumes of natural gas liquids. The increase in revenue of \$1.1 million was primarily offset by higher royalties of \$0.7 million and an increase in operating costs of \$0.2 million as compared to the third quarter of 2021. Net earnings for the three months ended December 31, 2021 was \$10.5 million (\$0.90 per basic share), primarily as a result of an impairment reversal of \$8.3 million and an increase in the unrealized gain on financial instruments of \$2.4 million.

In the third quarter of 2021, oil and natural gas sales increased to \$7.8 million as a result of higher prices for crude oil, natural gas, pentanes, propane and butanes and higher production volumes of natural gas liquids. The increase in revenue of \$0.6 million was primarily offset by an increase in the

realized loss on financial instruments of \$0.4 million but lower royalty costs of \$0.3 million as compared to the second quarter of 2021. The net loss for the three months ended September 30, 2021 was \$1.1 million (\$0.09 per basic share).

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a planned capital program of \$6.0 to \$7.0 million for 2023, primarily of discretionary expenditures and no significant commitments. The Company's expected 2023 adjusted funds flow and credit capacity should provide the liquidity to execute this capital program.

The Company's liquidity was further strengthened during the current quarter. The Company had no net debt on June 30, 2023 as adjusted funds flow in excess of net capital expenditures and proceeds on an additional non-core disposition in the first quarter of 2023 increased working capital. The net surplus of \$1.2 million consists of a working capital surplus of \$2.5 million, including \$3.9 million of cash, offset by the convertible debentures of \$1.2 million.

The Company has a net surplus of \$1.2 million at June 30, 2023, up from a net debt position of \$0.5 million at December 31, 2022, with the components set out below.

As at	June 30, 2023	Dec. 31, 2022
Cash and cash equivalents	3,936	242
Trade and other receivables	2,630	3,860
Prepaid expenses and deposits	1,351	770
Assets held for sale	-	2,891
Accounts payable and accrued liabilities	(4,732)	(4,939)
Liabilities related to assets held for sale	-	(1,430)
Decommissioning obligations	(711)	(711)
Convertible debentures	(1,229)	(1,222)
<b>Net surplus(debt) <sup>(1)</sup></b>	<b>1,245</b>	<b>(539)</b>

(1) Non-IFRS measure or ratio that does not have any standardized meaning as prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculations of similar measures or ratios of other entities. See "Non-IFRS Measures" contained within this MD&A.

Balance sheet strength and flexibility remain a priority of the Company even through this much improved commodity price environment extending into 2023. The Company continues to consider funding alternatives, including an equity raise and/or non-core asset sales, building on the steps taken in prior years. Improved liquidity is a priority as the Company continues to evaluate strategic acquisitions. The Company monitors net debt as a key component of managing liquidity risk and determining capital resources available to finance future development.

As of June 30, 2023, the Company has a revolving, operating demand loan ("Operating Facility") with an Alberta based financial institution ("Lender") with a facility limit of \$10.0 million (December 31, 2022 - \$10.0 million). At June 30, 2023, the Company had no borrowings outstanding on the Operating Facility.

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 3.00% to 6.00%, depending on the Debt to Funds Flow 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 4.00% to 7.00%, depending on the Debt to Funds Flow of less than 1.0 to greater than 4.0. Guaranteed notes may be undertaken for terms of 30, 60, 90 or 180 days.

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, 2023, the Company’s working capital ratio for purposes of the lender’s working capital covenant was 3.3:1 (2.5:1 at December 31, 2022). 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, 2023 was 2.13. The Company is also required to maintain commodity swap contracts on a six month rolling basis, based on the percent drawn on its Operating Facility versus the credit capacity of \$10 million. At less than or equal to 25%, the Company is required to have 15% of its production volumes hedged for the next six months. The Company has satisfied the requirement to contract a portion of its production volumes as per the lending agreement.

At June 30, 2023, the Company had only \$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, 2024. 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.

The Company has \$1.26 million of unsecured convertible debentures outstanding. The interest rate on the debenture 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.

The debentures have a term of five years and mature on November 30, 2025. The debentures may not be redeemed by the Company prior to December 1, 2021. During the remainder of the term, the Company may redeem the debentures over the term based on the following terms:

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

The Company manages liquidity risk, the risk that the Company will not be able to meet its financial obligations as they become due, by monitoring cash flows from operating activities, reviewing actual capital expenditures against budget, managing maturity profiles of financial assets and liabilities and having an active commodity price risk management program.



## CONTRACTUAL OBLIGATIONS

The following is a summary of the Company's future minimum contractual obligations and commitments as of March 31, 2023.

	2023	2024	2025	2026	2027	Thereafter
Accounts payable and accrued liabilities	4,732	-	-	-	-	-
Decommissioning obligations	711	711	711	711	711	12,705
Convertible debentures	-	-	1,262	-	-	-
<b>Total</b>	<b>5,443</b>	<b>711</b>	<b>1,973</b>	<b>711</b>	<b>711</b>	<b>12,705</b>

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements. The commodity contracts for oil and natural gas prices and interest rate swaps disclosed in the MD&A are recorded at fair value as Financial Instruments on the statements of financial position at each reporting period with gains and losses recognized in earnings.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares, issuable in series. As of August 22, 2023, the Company has 11,725,855 voting common shares outstanding and 465,000 options to acquire voting common shares outstanding. All outstanding options have a 7-year life from the date of grant with exercise prices of between \$1.25 and \$5.00 per option.

## RELATED PARTY TRANSACTIONS

There were no related party transactions in the six months ended June 30, 2023 and June 30, 2022.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's audited financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision to these estimates over time.

Management is often required to make judgments, assumptions and estimates in the application of International Financial Reporting Standards that may have a significant impact on the financial results of the Company. The Company's significant accounting policies are described in Note 3 to the audited financial statements for the periods ended December 31, 2022 and December 31, 2021. Certain estimates and judgments are described in Note 2 to the audited financial statements for the periods ended December 31, 2022 and December 31, 2021.

### *Current Environment*

During the first quarter 2023, energy prices continued to weaken from the end of 2022 due to heightened uncertainty of global oil and natural gas supply and future demand due to central bank actions to moderate inflation. The impact of these factors has been considered in management's estimates as at and for the period ended June 30, 2023.

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.

## *Environmental Reporting Regulations*

Environmental reporting for private enterprises continues to evolve and the Company may be subject to additional future disclosure requirements. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. The Canadian Securities Administrators have also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian Public Companies. Clearview continues to monitor developments on these reporting requirements and has not yet quantified the cost to comply with these regulations.

The following is a discussion of the accounting estimates that are critical in determining the Company's financial results.

### **Property, plant and equipment**

*Oil and natural gas reserves* - The Company's proved and probable oil and natural gas reserves at the current and prior year end were evaluated and reported on by the Company's independent qualified reserves evaluator. The estimation of reserves is a subjective process. Forecasts are based on geological and engineering data, projected future rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are subject to a number of uncertainties and interpretations. The Company expects that over time its reserve estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels. Proved and probable reserve estimates can have a significant impact on net earnings, as they are a key component in the calculation of depletion on a unit of production basis. Significant changes to commodity price forecasts and/or reserve estimates could also result in impairment or an impairment recovery.

*Depletion* - The unit-of-production method of depletion is based on estimated proven and probable reserves. Changes in estimated proved and probable reserves or future development costs have a direct impact on depletion expense.

*Impairment* - The impairment test uses forecast prices determined by the Company's independent reserve evaluator adjusted for price differentials specific to the Company and considered reasonable and relevant to the Company's products. The Company is also exposed to variability in operating and capital cost estimates and discount rates.

### **Decommissioning obligations**

Decommissioning obligations are estimated for all wells and facilities in which the Company has an interest, regardless of whether reserves have been attributed to those assets by the Company's independent reserves evaluator. The Company estimates the future retirement date and likely current abandonment and reclamation costs for each well and facility based on current regulatory requirements, the regulator's estimates of such costs used to determine abandonment and reclamation costs and the Company's own experience, including historical costs incurred for abandonment or reclamation. To estimate future retirement costs, the Company applied a 1.7% inflation factor to its estimate of current costs. The Company believes this inflation factor is reasonable over the long term and is consistent with rates used by others in the industry. The risk-free rate is used to discount decommissioning provisions to the current reporting date. Expected retirement dates are based on the productive life of the wells as determined by the independent qualified reserves evaluator and by regulatory requirements.

## **Stock based compensation**

The Company's accounting policy for stock based compensation was applied to account for the options granted during the periods ended June 30, 2023 and June 30, 2022. The costs of stock based compensation are calculated by reference to the fair value of the options at the date on which they are granted, using the Black-Scholes option pricing model. The Company is not listed on any stock exchange so judgment is required to determine the exercise price and to estimate volatility for purposes of the Black-Scholes option pricing model. The exercise price has been the same price at which the Company issued voting common shares near the date of the option grant. If options are issued in the future and there have not been recent issues of the voting common shares to third parties, judgment will be necessary to estimate a fair value for the exercise price. The estimate of volatility is based on oil and natural gas producers listed on a Canadian stock exchange.

## **Deferred tax assets**

At each reporting period the Company evaluates deferred income tax assets to make a determination of whether the assets are likely to be realized. Based on management's assessment that it is not probable that future taxable income will be available against which the temporary differences will be utilized, all deferred tax assets previously recognized were expensed in 2015 and 2016. If the Company were to record deferred income tax assets in the future or at such time as it is required to record a net deferred income tax liability, it will be required to determine substantially enacted income tax rates applicable to the future years. The Company estimates the accounting and tax values during the period over which temporary difference are likely to reverse and tax rates expected to be effective when the temporary differences reverse.

## **Financial instruments**

The estimated fair values of derivative financial instruments resulting in financial assets and liabilities, by their very nature, require estimates. The Company ensures the price received for a portion of its oil and natural gas volumes through the use of financial derivatives and estimates the mark to market value at each reporting period by applying estimated forward prices to the contracted volumes.

## **Cash-generating units ("CGU")**

The determination of which assets constitute a cash generating unit requires management to make judgments as to the assets to be grouped together. A cash-generating unit is defined to be the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Because impairment testing is performed at the level of the cash-generating unit, rather than for individual assets, the composition of a CGU is an important judgement that may significantly impact the determination of recoverable amounts and the resulting impairment. The key estimates used in the determination of future cash flows from oil and natural gas assets include the following:

*Reserves* – The Company utilizes the reserves prepared by the Company's independent qualified reserves evaluator. Assumptions that are valid at the time of the reserve estimation may change significantly when new information becomes available. Changes in forecast prices, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

*Oil and natural gas prices* – The Company utilizes the forecast prices provided by the Company's independent qualified reserves evaluator. Commodity prices can fluctuate significantly within short periods of time for a variety of reasons including supply and demand fundamentals, access to facilities and pipelines, inventory levels, exchange rates, weather, and economic and geopolitical factors.

*Operating costs, future development costs and estimates and timing of future decommissioning obligations* – Estimates of future costs are used in the cash flow model, based on an analysis of actual costs incurred in recent years and then escalated for assumed future inflation. Actual results in the future may vary considerably from these estimates.

*Discount rate* – The Company estimates a range of discount rates for each of the six different categories of reserves (three categories for each of proved and probable reserves, being producing, developed but not producing and undeveloped). The estimated ranges of discount rates are those likely to be applied by an independent market participant and consideration of comparable asset transactions. Changes in the general economic environment could result in significant and rapid changes to discount rates being applied in the marketplace.

The determination of assets constituting a cash-generating unit requires judgment as to the assets to be grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

### **Lease obligations**

Lease obligations are estimated using the rate implicit in the lease, unless this rate is not readily determinable, in which case a discount rate equal to the Company's incremental borrowing rate is used.

This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment. Lease terms are based on assumptions regarding extension terms and renewal options that allow for operational flexibility and future market conditions.

### **Liquidity**

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy, ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. See further discussion related to liquidity in Note 14 of the audited financial statements for the year ended December 31, 2022.

## **INDUSTRY CONDITIONS AND RISKS**

The business of exploration, development, and acquisition of oil and gas reserves involves financial, operational and regulatory risks inherent in the oil and gas industry, several of which are beyond control of the Company, which may impact the Company's results.

The Company's revenues, profitability, future growth and the carrying value of its properties are substantially dependent on prevailing prices of oil and natural gas. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to volatility in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company.

While the Board of Directors 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. Refer to Note 15 of the audited financial statements for the year ended December 31, 2022 for additional analysis of these risks.

The Company's activities expose it to a variety of financial risks that arise from its exploration, development, production, and financing activities such as credit risk, liquidity risk and market risk. Presented below is information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this MD&A and in the Company's audited financial statements. The Company employs risk management strategies and polices to ensure that any exposure to risk complies with the Company's business objectives and risk

tolerance levels. The Company manages commodity price risks by focusing its acquisition program on areas that will generate attractive rates of return even at substantially lower commodity prices than those prices being received at the time of the acquisition. The Company uses derivative financial instruments to manage commodity price risk as described elsewhere in this MD&A.

The Company manages its working capital, net debt and the ratio of net debt to adjusted funds flow so as not to overextend the Company. Capital expenditures are limited to cash provided by operating activities, available lines of credit and proceeds from issuing shares when the Company believes that it is prudent.

Operational risks include exploration and development of economic oil and gas reserves, unsuccessful exploration and development drilling activity, competition from other producers, reservoir performance, safety and environmental concerns, access to and ability to retain cost effective contract services, escalating industry costs for contracted services and equipment, product marketing and hiring and retaining qualified employees.

The Company attempts to control operating risks by:

- maintaining a disciplined approach to implementation of the exploration and development program,
- monitoring operations and maintaining close communications with operators and joint interest partners,
- maintaining insurance commensurate with its level and scope of operations to protect against loss from destruction of assets, pollution, blowouts, or other losses.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, and local laws and regulations. Environmental legislation provides for, among other things, restrictions, and prohibitions on spills, releases, or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil, or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge.

Although the Company believes that it is compliant with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development, or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

The Company's operations are subject to risks normal in the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blowouts and fires, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all these risks, nor are all such risks insurable, however management believes that adequate insurance has been obtained, where available. Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The Company expects it will be able to fully comply with all regulatory requirements in this regard.

The Company is subject to a variety of regulatory risks that it does not control. Safety and environmental matters are monitored to ensure compliance and to ensure employees, contractors and the public are protected. Changes in government or regulatory policies for matters such as royalties, income taxes, surface rights, mineral rights, operational requirements or processes for regulatory approvals, may impact the Company's operations, financial results and real or perceived risk to

investors or creditors. These matters are largely beyond the Company's control but are monitored and managed to the extent possible.

Widening concerns over climate change, fossil fuel consumption, green house gas emissions, and water and land use could lead governments to enact additional laws, regulations and costs or taxes that may be applicable to Clearview. Changes to environmental regulations related to climate change could impact the demand for, development of or quality of the Company's petroleum products, or could require increased capital expenditures, operating expenses, asset retirement obligations and costs, which could result in increased costs which would reduce the profitability and competitiveness of Clearview if commodity prices do not rise commensurate with the increased costs. In addition, such regulatory changes could necessitate the Company to develop or adapt new technologies, possibly requiring significant investments of capital.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social and governance ("ESG") and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified.

### **Non-IFRS Measures**

Throughout this MD&A and other materials disclosed by the Company, Clearview uses certain measures to analyze financial performance, financial position and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-IFRS and other financial measures should not be considered alternatives to, or more meaningful than, financial measures that are determined in accordance with IFRS as indicators of Clearview's performance. Management believes that the presentation of these non-IFRS and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance, and the measures provide increased transparency and the ability to better analyze Clearview's business performance.

### **Capital Management Measures**

#### *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 considers this metric as a key measure that demonstrate 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 the actual settlements of decommissioning obligations, the timing of which is discretionary. Adjusted funds flow should not be considered as an alternative to or more meaningful than cash provided by operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Clearview's determination of adjusted funds flow may not be comparable to that reported by other companies. Clearview also presents adjusted funds flow per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

#### *Net Debt*

Clearview closely monitors its capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors net debt as part of its capital structure. The Company uses net debt (current assets, excluding financial derivatives, less current

liabilities, excluding financial derivatives, less convertible debentures) to assess financial strength, capacity to finance future development and to assist in assessing the liquidity of the Company.

## Non-IFRS Measures and Ratios

### *Capital Expenditures*

Capital expenditures equals additions to property, plant & equipment and additions to exploration & evaluation assets. Clearview considers capital expenditures to be a useful measure of adjusted funds flow used for capital reinvestment. The most directly comparable IFRS measure to capital expenditures is additions to property, plant & equipment and additions to exploration & evaluation assets.

### *Net Capital Expenditures*

Net capital expenditures equals capital expenditures plus acquisitions of property, plant & equipment and less dispositions of property, plant & equipment. Clearview uses net capital expenditures to measure its total capital investment compared to the Company's annual capital budget expenditures. The most directly comparable IFRS measure to net capital expenditures is cash used in investing activities.

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	June 30 2023	June 30 2022
Cash used in investing activities	130	(710)	(1,501)	301
Changes in non-cash working capital	187	(90)	66	32
Net capital expenditures	317	(800)	(1,435)	333

### *Cash Finance Costs per boe*

Cash finance costs per boe is calculated by dividing cash finance costs by total production volumes sold in the period. Management considers cash finance costs per boe an important measure to evaluate the Company's cost of debt financing relative to the Company's corporate netback per boe. The most directly comparable IFRS measure to cash financing costs is finance costs.

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	June 30 2023	June 30 2022
Finance costs	160	429	352	777
Accretion of decommissioning obligations and convertible debentures	(139)	(248)	(280)	(399)
Cash finance costs	21	181	72	378

### *Operating Netback per boe*

Operating netback per boe is calculated by dividing operating netback by total production volumes sold in the period. Operating netback equals oil and natural gas sales plus processing income, less royalties, transportation expenses and operating expenses. Management considers operating netback per boe an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The calculation of Clearview's operating netback per boe can be seen in the section entitled "Netback Analysis" of this MD&A.

### *Corporate Netback per boe*

Corporate netback per boe is calculated as operating netback less general and administrative expenses and cash finance costs, plus/(minus) realized gains (losses) on financial instruments,

minus(plus) other costs (income), less transaction costs divided by total production volumes sold in the period. Management considers corporate netback per boe an important measure to assist management and investors in assessing Clearview's overall cash profitability. The calculation of Clearview's corporate operating netback per boe can be seen in the section entitled "Netback Analysis" of this MD&A.

### **Supplementary Financial Measures**

**Adjusted funds flow per share** is comprised of adjusted funds flow divided by the basic weighted average common shares.

**Adjusted funds flow per diluted share** is comprised of adjusted funds flow divided by the diluted weighted average common shares.

**Realized sales price – oil** is comprised of light crude oil commodity sales from production, as determined in accordance with IFRS, before deduction of transportation costs and excluding gains and losses on financial instruments, divided by the Company's oil production.

**Realized sales price - ngl** is comprised of natural gas liquids commodity sales from production, as determined in accordance with IFRS, before deduction of transportation costs and excluding gains and losses on financial instruments, divided by the Company's ngl production.

**Realized sales price – natural gas** is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, before deduction of transportation costs and excluding gains and losses on financial instruments, divided by the Company's natural gas production.

**Realized sales price – total** is comprised of oil and natural gas sales from production, as determined in accordance with IFRS, before deduction of transportation costs and excluding gains and losses on financial instruments, divided by the Company's total production on a boe basis.



## Forward-looking statements

The matters discussed in the MD&A include certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as “anticipates”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects”, “believes”, or words or phrases of similar meaning. In addition, any statement that may be made concerning future performance, strategies or prospects and possible future corporate action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date. Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. The Company stresses that the above-mentioned list of important factors is not exhaustive. The Company urges all readers to consider these and other factors carefully before making any investment decisions. The Company urges all readers to avoid placing undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise these forward-looking statements as a result of new information, future events or otherwise, except as required under applicable securities laws.

## Measures, conversions and acronyms

In this document, the abbreviations set forth below have the following meanings:

bbbl	Barrel	mcf	Thousand cubic feet
mbbl	Thousand barrels	mmcf	Million cubic feet
bb/d	Barrels per day	mcf/d	Thousand cubic feet per day
NGLs	Natural gas liquids	mmbtu	Million British Thermal Units
boe	Barrels of oil equivalent	gj	Gigajoule
boe/d	Barrels of oil equivalent per day	mboe	Thousand boe

**Boe - Barrels of oil equivalent is determined on the basis of 1 boe to 6 mcf of natural gas and boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6 mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.**

WTI - West Texas Intermediate is the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade.

AECO – AECO is a natural gas storage facility located at Suffield, Alberta and the price of natural gas at this terminal is used as a benchmark for Canadian purposes.

API - an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from	To	Multiply by
mcf	1,000 m <sup>3</sup> of gas	0.028
1,000 m <sup>3</sup> of gas	Mcf	35.493
Bbl	m <sup>3</sup> of oil	0.158
m <sup>3</sup> of oil	bbbl	6.290
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
mcf	gj	0.95

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