Westbrick Energy Ltd.
Second Quarter 2022 Financial and Operating Results

Westbrick Energy Ltd is pleased to report its financial and operating results for the three and six months ended June 30, 2022. Results for the second quarter of 2022 are highlighted by a 95% increase in production volumes along with a 103% increase in realized pricing, including risk management, on a per barrel of oil equivalent basis as compared to the second quarter of 2021. The increase in both production volumes and commodity pricing have translated into record adjusted funds flow of $145.4 million in the second quarter, a 263% increase from the comparative period.

($000, unless otherwise noted)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	**2022**	2021	Change
FINANCIAL						
Petroleum and natural gas revenues	**295,331**	66,266	346%	**485,827**	131,441	270%
Cash flows from operating activities	**177,539**	37,064	379%	**280,186**	75,915	269%
Per share – basic	**3.75**	0.78	381%	**5.92**	1.60	270%
Adjusted funds flow[1]	**145,377**	40,018	263%	**267,823**	81,286	229%
Per share – basic[1]	**3.07**	0.85	261%	**5.66**	1.72	229%
Net income (loss)	**126,684**	(51)	-	**152,484**	18,066	744%
Per share – basic	**2.68**	-	-	**3.22**	0.38	747%
Net capital expenditures[1]						
Exploration and development	**90,745**	30,060	202%	**176,592**	70,301	151%
Acquisitions	**364**	130,391	(100%)	**364**	130,391	(100%)
Office assets	**101**	31	226%	**138**	51	171%
Net debt[1]				**93,303**	204,211	(54%)
Weighted average basic shares outstanding (thousands)	**47,353**	47,353	-	**47,353**	47,353	-
OPERATING						
Production:						
Crude oil (bbl/day)	**2,050**	801	156%	**1,690**	812	108%
Natural gas liquids (bbl/day)	**11,902**	5,435	119%	**11,430**	5,440	110%
Natural gas (mcf/day)	**242,079**	130,021	86%	**231,405**	131,134	76%
Total (boe/day)	**54,299**	27,906	95%	**51,687**	28,108	84%
Realized prices with risk management[1]						
Crude oil ($/bbl)	**115.11**	66.23	74%	**105.49**	63.01	67%
Natural gas liquids ($/bbl)	**83.90**	41.24	103%	**78.19**	40.29	94%
Natural gas ($/mcf)	**6.35**	3.27	94%	**5.64**	3.28	72%
Average realized price ($/boe)	**51.06**	25.16	103%	**46.02**	24.90	85%
Net operating expenses ($/boe)[1]	**4.72**	4.30	10%	**4.83**	4.45	9%
Operating netback ($/boe)[1]	**35.96**	17.77	102%	**33.11**	17.58	88%
General & administrative ($/boe)[1]	**0.43**	0.79	(46%)	**0.53**	0.81	(35%)

[1] *Refer to "Non-GAAP and other financial measures"*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Westbrick Energy Ltd. ("Westbrick" or the "Company") is dated August 11, 2022. This MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2022 and the audited financial statements for the year ended December 31, 2021.

The financial information contained herein has been prepared in accordance with International Accounting Standard ("IAS") 34 within International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("GAAP"). All dollar amounts are expressed in Canadian currency, unless otherwise noted.

The Company uses certain non-GAAP measures and ratios in this MD&A. For a discussion of these measures and ratios, please refer to the section titled "Non-GAAP and other financial measures".

Description of company

Westbrick Energy Ltd. was incorporated under the laws of the Province of Alberta on January 14, 2011. The Company is engaged in the exploration for and development and production of oil, natural gas, and natural gas liquids ("NGLs") in Alberta and conducts many of its activities jointly with others. These condensed interim financial statements reflect only the Company's proportionate interest in such activities.

The Company's registered office is located at Suite 2300, 520 – 3rd Avenue SW, Calgary, Alberta, Canada, T2P 0R3.

Presentation of volumes

This MD&A contains various references to the abbreviation "boe" which means barrel of oil equivalent. Where amounts are expressed on a boe basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. This conversion ratio is based on an energy equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different from the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and may be misleading, particularly if used in isolation.

Throughout this MD&A, "crude oil" or "oil" refers to light and medium crude oil product types as defined by National Instrument NI 51-101 *Standards of Disclosure of Oil and Gas Activities* ("NI 51-101"). References to "NGL" throughout this MD&A comprise ethane, propane, butane, pentane, being all NGLs as defined by NI 51-101.

COVID-19 and Outlook

The COVID-19 pandemic had a significantly negative impact on global economic conditions in 2020, which included a large decrease in oil demand. In combination with other macro-economic conditions, this resulted in significant volatility of commodity prices as well as increased economic uncertainty. Throughout 2021 and 2022, there has been an economic recovery providing for more positive outlooks on commodity prices and general market and industry conditions as government restrictions have slowly eased. The resulting increased demand has been offset by constrained supply due to geopolitical factors and reduced capital investment. This imbalance in supply and demand has led to significant increases in commodity prices and inflationary pressures during the period.

In response to the COVID-19 pandemic, the Company is following all applicable rules and regulations as set out by the relevant health authorities and has implemented many health and safety protocols into its operations.

The current situation is dynamic, and the ultimate duration and magnitude of the financial impact on the Company is not known at this time. Judgments and estimates made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

(tabular amounts in thousands of dollars, unless otherwise stated)

Operational Highlights

Second Quarter 2022

- Increased benchmark commodity prices supported strong financial results during the second quarter of 2022. Westbrick's average realized price, excluding risk management, increased 38% compared to the first quarter, from $43.16 per boe in Q1 2022 to $59.77 per boe in Q2 2022.
- During the second quarter of 2022, net capital expenditures[1] were $91.2 million, including the costs to drill 12 gross wells (10.7 net) and bring 10 gross wells (7.9 net) on production. As a result, production increased 11% over the period, from 49,047 boe per day during Q1 2022, to 54,299 boe per day during Q2 2022.
- The average realized price including risk management increased 26%, from $40.38 per boe[1] in Q1 2022 to $51.06 per boe[1] in Q2 2022. As a result of the increased production volumes and higher prices, revenues increased 55%, from $190.5 million in Q1 2022 to $295.3 million in Q2 2022.
- Adjusted funds flow[1] was $145.4 million ($3.07 per basic share[1]) for Q2 2022, an increase of 19% compared to $122.4 million ($2.59 per basic share[1]) in the previous quarter. Net income increased 391%, from $25.8 million in Q1 2022 ($0.54 per basic share) to $126.7 million ($2.68 per basic share) in Q2 2022. The increase over the prior period is due to both higher production volumes and realized prices, however Q1 net income was negatively impacted by unrealized losses on risk management contracts as compared to Q2 in which an unrealized gain on risk management contracts was recorded.

Annual guidance

The following table sets forth Westbrick's guidance for 2022, reflecting the Company's annual budget:

	2022 Guidance
Adjusted funds flow[1][2] ($ millions)	475 - 500
Average production (boe/d)	49,000 – 52,000
Royalty rate (%)	13 - 15
Net operating expenses ($/boe)[1]	4.50 – 5.00
General and administrative ($/boe)	0.60 – 0.70
Net capital expenditures[1] ($ millions)	300 - 320

[1] Refer to "Non-GAAP and other financial measures"
[2] Based on April 8, 2022 commodity price index

[1] Refer to "Non-GAAP and other financial measures"

Non-GAAP and other financial measures

Throughout this MD&A, Westbrick uses certain measures and ratios to analyze financial performance, financial position and cash flow. These non-GAAP financial measures and ratios do not have standardized meanings prescribed by GAAP and may not be comparable to similar measures presented by other entities. As these non-GAAP financial measures and ratios are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. Readers are cautioned that these non-GAAP measures and ratios should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. These non-GAAP measures and ratios provide additional information that management believes is meaningful in describing Westbrick's operational performance and capacity to fund capital expenditures and repay debt.

a) Adjusted funds flow
   Adjusted funds flow is based on cash flows from operating activities, excluding changes in non-cash working capital, decommissioning expenditures, and including interest expense. Management uses adjusted funds flow to analyze operating performance, and to demonstrate the Company's ability to generate the cash necessary to finance future capital investment, expenditures on decommissioning liabilities, and to meet its financial obligations. 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.

b) Realized price
   Realized price is calculated as revenues (according to GAAP), disaggregated by commodity type, and divided by the associated sales volumes for the period. Realized price with risk management is calculated as the GAAP revenue disaggregated by commodity type, including realized gains and losses on financial instruments for the commodity type for the period, divided by the associated sales volumes.

c) Net operating expenses and net operating expenses per boe
   The Company considers that any incremental gross operational costs incurred to process third party volumes at its facilities are offset by the applicable fees charged to such third parties, however under IFRS the Company is required to reflect operating costs and processing fee income separately on its statement of income and comprehensive income. Management believes that net operating expenses, calculated as gross operating expenses less compression and gathering fees charged to third parties, which are included in other income on the statement of income and comprehensive income, is a meaningful measure for investors to understand the net impact of its processing activities. Please refer to "Operating expenses" for the calculation of this measure. Net operating expenses per boe is a non-GAAP financial ratio and is calculated as net operating expenses divided by sales volumes.

d) Operating netback per boe
   Operating netback per boe is calculated as petroleum and natural gas sales including realized gains and losses on financial instruments, less royalties, net operating expenses and transportation expenses divided by sales volumes for the period. Management considers operating netback per boe an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to commodity prices.

e) Operating netback prior to risk management per boe
   Operating netback prior to risk management per boe is calculated as operating netback per boe excluding realized gains and losses on financial instruments.

f) Per boe disclosures
Per boe disclosures for petroleum and natural gas sales, royalties, transportation expenses, G&A expenses, and depletion and depreciation expenses are calculated by dividing each of these respective GAAP measures by the Company's total sales volumes for the period.

g) Net capital expenditures
Westbrick uses capital expenditures to measure its investments in capital compared to the Company's capital budget. Management believes this measure to be reflective of actual capital activity for the period as it excludes changes in working capital related to other periods. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities, reconciled as follows:

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	2021	**2022**	2021
Cash flows used in investing activities	**77,804**	163,743	**191,072**	193,957
Changes in non-cash working capital	**13,406**	(3,261)	**(13,978)**	6,786
Net capital expenditures	**91,210**	160,482	**177,094**	200,743

h) Net debt and working capital/working capital deficiency
Management uses working capital, working capital deficiency and net debt as additional measures of the Company's liquidity. Working capital/working capital deficiency is calculated as current assets minus current liabilities, adjusted for the current portion of bank debt, decommissioning obligations, lease obligations, and the fair value of financial instruments. Management believes that excluding these amounts from working capital/working capital deficiency provides a better assessment of the Company's short term liquidity requirements. Net debt is calculated as bank debt including working capital deficiency/working capital. These terms should not be considered alternatives to, or more meaningful than current and long-term debt as determined in accordance with IFRS. Please refer to "Liquidity and capital resources" for the calculation of these measures.

Cash flows from operating activities and adjusted funds flow(1)

The Company reconciles adjusted funds flow to cash flows from operating activities, which is the most directly comparable measure calculated in accordance with IFRS, as follows:

	Three months ended June 30,		Six months ended June 30,	
($000s, except per share)	**2022**	2021	**2022**	2021
Cash flows from operating activities	**177,539**	37,064	**280,186**	75,915
Interest expense	**(2,204)**	(943)	**(4,479)**	(1,901)
Decommissioning expenditures	**397**	(34)	**2,530**	223
Changes in non-cash working capital	**(30,355)**	3,931	**(10,414)**	7,049
Adjusted funds flow(1)	**145,377**	40,018	**267,823**	81,286
Adjusted funds flow per share(1)	**$ 3.07**	$ 0.85	**$ 5.66**	$ 1.72

(1)Refer to "Non-GAAP and other financial measures"

During the three and six months ended June 30, 2022, Westbrick generated adjusted funds flow of $145.4 million ($3.07 per basic share) and $267.8 million ($5.66 per basic share), respectively, compared to adjusted funds flow of $40.0 million ($0.85 per basic share) and $81.3 million ($1.72 per basic share) for the comparable periods in 2021, respectively. The significant increase for the three and six months ended June 30, 2022 can be primarily attributed to stronger commodity prices and higher production volumes, partially offset by increases to royalties, realized losses on risk management contracts, operating expenses and current taxes.

(tabular amounts in thousands of dollars, unless otherwise stated)

Cash flows from operating activities for the three and six months ended June 30, 2022 increased 379% and 269%, respectively, from the comparable periods in the prior year. The reasons for the increases are consistent with the explanation for the changes in adjusted funds flow from operations; however cash flows from operating activities were also impacted by changes in non-cash working capital.

Net income

The Company generated net income of $126.7 million ($2.68 per basic share) and $152.5 million ($3.22 per basic share) for the three and six months ended June 30, 2022, respectively, compared to a net loss of $0.1 million ($nil per basic share) and net income of $18.1 million ($0.38 per basic share) for the same periods in 2021. The reasons for the increase are consistent with the explanation for the changes in adjusted funds flow from operations; however net income was also impacted by higher deferred income taxes and a significant increase in depletion and depreciation expense as a result of higher production volumes.

Production

For the three months ended June 30, 2022, Westbrick's daily production averaged 54,299 boe per day, a 95% increase compared to 27,906 boe per day for the same period in 2021. For the six months ended June 30, 2022, the Company averaged 51,687 boe per day, an 84% increase compared to 28,108 boe per day for the same period in 2021. The increase in average daily production volumes in 2022 compared to the same periods in 2021 reflects Westbrick's successful drilling program and the acquisition of the Edson area assets on June 30, 2021.

Starting in the fourth quarter of 2021, the Company's drilling program has focused on the liquids-rich Cardium, Ellerslie and Rock Creek formations and as a result, Westbrick's gas component decreased from 78% of production during the three and six months ended June 30, 2021, to 74% and 75% for the same periods in 2022, respectively.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Crude oil (bbl/d)	**2,050**	801	**1,690**	812
NGL (bbl/d)	**11,902**	5,435	**11,430**	5,440
Natural gas (mcf/d)	**242,079**	130,021	**231,405**	131,134
Total (boe/d)	**54,299**	27,906	**51,687**	28,108
Gas component	**74%**	78%	**75%**	78%

Petroleum and natural gas revenues

The Company generated petroleum and natural gas revenues of $295.3 million during the second quarter of 2022, a 346% increase compared to $66.3 million for the same period in 2021. The growth in revenues is attributed to a 129% increase in average realized prices excluding risk management on a per boe basis, and a 95% increase in production volumes over the period.

For the six months ended June 30, 2022, the Company generated petroleum and natural gas revenues of $485.8 million, a 270% increase compared to $131.4 million for the same period in 2021. The growth in revenues is attributed to a 101% increase in average realized prices excluding risk management on a per boe basis and an 84% increase in production volumes over the comparable period.

Petroleum and natural gas revenues exclude realized and unrealized gains and losses on financial instruments.

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	2021	**2022**	2021
Crude oil	**25,083**	5,302	**38,226**	10,061
NGL	**94,479**	20,397	**167,708**	39,673
Natural gas	**175,769**	40,567	**279,893**	81,707
Total petroleum and natural gas revenues	**295,331**	66,266	**485,827**	131,441

Average realized prices[1]

Average realized prices including and excluding realized gains and losses on financial instruments are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Crude oil ($/bbl)	**134.44**	72.76	**124.96**	68.48
Crude oil with risk management ($/bbl)	**115.11**	66.23	**105.49**	63.01
NGL ($/bbl)	**87.23**	41.24	**81.07**	40.29
NGL with risk management ($/bbl)	**83.90**	41.24	**78.19**	40.29
Natural gas ($/mcf)	**7.98**	3.43	**6.68**	3.44
Natural gas with risk management ($/mcf)	**6.35**	3.27	**5.64**	3.28
Average realized price ($/boe)	**59.77**	26.09	**51.93**	25.84
Average realized price with risk management ($/boe)	**51.06**	25.16	**46.02**	24.90

[1]Refer to "Non-GAAP and other financial measures"

Commodity prices during 2022 have been impacted by increased demand as the global economy recovers from the pandemic, and by constrained supply due to geopolitical factors and reduced capital investment. This imbalance in supply and demand has led to significant increases in commodity prices during the period.

The Company's natural gas production is typically sold using "spot" or near term contracts, with prices fixed at the time of transfer of custody, or on the basis of a monthly average market price. The AECO daily index (AECO 5A index) is a Canadian benchmark index reflecting the average daily price of natural gas sales for same day physical delivery, established through the Natural Gas Exchange. The AECO monthly index (AECO 7A index) is a Canadian benchmark index reflecting the monthly weighted average price for natural gas sales for following month physical delivery. The Company's natural gas risk management strategy utilizes a combination of fixed price swaps and costless collars. The Company aligns the marketing of its natural gas volumes with the type of risk management contracts entered into.

Westbrick's average realized price for natural gas excluding risk management increased 133%, from $3.43 per mcf in the second quarter of 2021, to $7.98 per mcf in the comparable period of 2022. This is in line with the change in the AECO 5A benchmark over the same periods which increased 134%, from $2.93 per GJ in the second quarter of 2021 to $6.86 per GJ in the same period in 2022. For the six months ended June 30, 2022, the Company's average realized price for natural gas excluding risk management increased 94% to $6.68 per mcf, compared to $3.44 per mcf in the same period in 2021. This is in line with the change in the AECO 5A price over the period, which increased 92%, from $2.96 per GJ in the first six months of 2021 to $5.68 per GJ in the same period in 2022.

(tabular amounts in thousands of dollars, unless otherwise stated)

For the three months ended June 30, 2022, the Company's average realized price for crude oil excluding risk management increased 85% to $134.44 per bbl compared to $72.76 for the same period in 2021. This is broadly in line with the increases in WTI and Edmonton Par prices over the period, which increased 64% and 79%, respectively. For the six months ended June 30, 2022, Westbrick's average realized price for crude oil excluding risk management increased 82% to $124.96 per bbl compared to $68.48 per bbl for the same period in 2021. Over the same period, WTI and Edmonton Par prices increased 64% and 76%, respectively.

NGL revenues are an aggregate of the revenues of the individual NGL components, which are comprised of ethane, propane, butane and pentanes plus. Westbrick's average realized price for NGLs is affected by the underlying benchmarks and by the relative proportions of the components within the NGL revenue stream. The Company's average realized price for NGLs excluding risk management increased 112%, from $41.24 per bbl for the second quarter of 2021, to $87.23 per bbl for the same period in 2022. For the six months ended June 30, 2022, Westbrick's average realized price for NGLs excluding risk management increased 101%, from $40.29 per bbl for the first six months of 2021 to $81.07 for the same period in 2022. The increases are due to the increases in the underlying benchmarks over the periods, which is primarily WTI for the heavier components, and by the change in proportion for the individual components within Westbrick's NGL revenue stream. Our current drilling program targeting the liquids-rich Cardium and Ellerslie formations has resulted in an increase in the proportion of heavier components within the NGL revenue stream, which attract a higher price.

Average benchmark prices during the three and six months ended June 30, 2022, and 2021, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Crude oil:				
WTI (US$/bbl)	**108.41**	66.07	**101.35**	61.96
Canadian Light Crude Blend ($/bbl)	**137.77**	77.07	**126.67**	71.82
Natural gas				
NYMEX Henry Hub (US$/mmbtu)	**7.17**	2.83	**6.06**	2.76
AECO 5A daily index ($/GJ)	**6.86**	2.93	**5.68**	2.96
AECO 7A monthly index ($/GJ)	**5.95**	2.70	**5.15**	2.74

Commodity price risk management

As part of its financial risk management strategy, Westbrick has adopted a commodity hedging program. The objective of the hedging program is to reduce volatility in its financial results, and to stabilize cash flow against unpredictable commodity price movements.

(tabular amounts in thousands of dollars, unless otherwise stated)

The following is a summary of the financial instrument commodity price contracts in place as at June 30, 2022:

Term	Reference	GJ/d	Average $CAD/GJ	Type	Fair value
Jul 1, 2022 – Sep 30, 2022	AECO 5A	5,000	3.23	Swap	(1,119)
Jul 1, 2022 – Oct 31, 2022	AECO 5A	40,000	3.211	Swap	(8,387)
Jul 1, 2022 – Oct 31, 2022	AECO 7A	10,000	2.625 – 3.395	Collar	(1,947)
Jul 1, 2022 – Dec 31, 2022	AECO 5A	35,000	2.45	Swap	(13,575)
Jul 1, 2022 – Dec 31, 2022	AECO 7A	5,000	2.40 – 2.525	Collar	(2,198)
Jul 1, 2022 – Sep 30, 2022	AECO 7A	10,000	3.00 – 3.405	Collar	(1,606)
Oct 1, 2022 – Dec 31, 2022	AECO 7A	10,000	3.00 – 3.315	Collar	(1,369)
Nov 1, 2022 – Mar 31, 2023	AECO 5A	5,000	4.30	Swap	(457)
Nov 1, 2022 – Mar 31, 2023	AECO 7A	10,000	3.00 – 6.005	Collar	(872)
Jan 1, 2023 – Mar 31, 2023	AECO 5A	5,000	4.105	Swap	(411)
Jan 1, 2023 – Mar 31, 2023	AECO 7A	25,000	4.10 – 7.130	Collar	(1)
Jan 1, 2023 – Dec 31, 2023	AECO 7A	5,000	3.25 – 7.45	Collar	148
Fair value – natural gas financial instruments					$ (31,794)

Term	Reference	bbl/d	Average $CAD/bbl	Type	Fair value
Jul 1, 2022 – Jul 31, 2022	CAD WTI	250	75.00 – 95.65	Collar	(304)
Jul 1, 2022 – Dec 31, 2022	CAD WTI	250	75.62	Swap	(2,333)
Jul 1, 2022 – Dec 31, 2022	CAD WTI	1,000	70.50 – 82.63	Collar	(8,178)
Aug 1, 2022 – Aug 31, 2022	CAD WTI	250	75.00 – 80.56	Collar	(393)
Sep 1, 2022 – Sep 30, 2022	CAD WTI	250	75.00 – 88.00	Collar	(302)
Oct 1, 2022 – Dec 31, 2022	CAD WTI	250	90.00 – 125.00	Collar	(209)
Fair value – oil and NGL financial instruments					(11,719)
Total fair value of financial instruments					$ (43,513)

Westbrick has not designated its financial instruments as effective accounting hedges for accounting purposes, even though the Company considers all financial instruments to be effective economic hedges. As a result, all such contracts are recorded at fair value on the statement of financial position, based on the estimated amount that the Company would receive or pay to terminate the contracts. The changes in the fair value are recognized as an unrealized gain or loss on the statement of income (loss) and comprehensive income (loss). The amounts realized under the contracts either on termination or over the remaining term could be materially different from the fair value of the contracts recorded at June 30, 2022.

Subsequent to June 30, 2022, the following financial instrument commodity price contracts were executed:

Term	Reference	GJ/d	Average $CAD/GJ	Type
Nov 1, 2022 – Mar 31, 2023	AECO 7A	5,000	5.50 – 10.00	Collar
Apr 1, 2023 – Oct 31, 2023	AECO 5A	5,000	4.22	Swap

Realized and unrealized gains and (losses) on financial instruments are as follows:

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	2021	**2022**	2021
Realized losses	**(43,059)**	(2,367)	**(55,323)**	(4,765)
Unrealized gains (losses)	**29,690**	(18,362)	**(31,996)**	(19,069)

Royalties

Westbrick's royalties are determined by various royalty regimes that incorporate factors such as well depths, well production rates, commodity prices and cost structures for drilling and completions. Royalties for the three and six months ended June 30, 2022 and 2021 also include gas cost allowance credits, which further reduces royalties to account for expenses associated with the processing and transportation of the Alberta Crown's share of natural gas production.

	Three months ended June 30,		Six months ended June 30,	
($000s, except per boe and %)	**2022**	2021	**2022**	2021
Royalties	**43,608**	5,471	**62,151**	9,717
Per boe(1)	**$ 8.83**	$ 2.15	**$ 6.64**	$ 1.91
As a percent of revenue	**14.8%**	8.3%	**12.8%**	7.4%

(1)Refer to "Non-GAAP and other financial measures"

For the three and six months ended June 30, 2022, Westbrick's royalties were $43.6 million (14.8% of revenues) and $62.2 million (12.8% of revenues), respectively, compared to $5.5 million (8.3% of revenues) and $9.7 million (7.4% of revenue) for the same periods in 2021, respectively. Royalties on an absolute basis increased in 2022 due to an increase in production volumes and higher royalty rates. The increase in royalty rates in 2022 compared to the same periods in 2021 is due to the significant increase in benchmark pricing for all commodities, resulting in an increase in royalty rates for all products.

Operating Expenses

Operating expenses include all periodic lease and field-level expenses including costs associated with processing third party volumes through company owned facilities. Third party compression and gathering fees are included as other income in the statements of income (loss) and comprehensive income (loss). Since the Company considers that any incremental operational costs at its facilities resulting from processing third party production should be offset by the applicable fees charged to third parties and it manages its operational performance on that basis, Westbrick presents operating expenses on a per boe basis net of these fees in its MD&A.

	Three months ended June 30,		Six months ended June 30,	
($000s, except per boe)	**2022**	2021	**2022**	2021
Operating expenses	**26,345**	11,782	**50,023**	24,402
Third party compression and gathering fees	**(3,046)**	(859)	**(4,821)**	(1,746)
Net operating expenses(1)	**23,299**	10,923	**45,202**	22,656
Per boe(1)	**$ 4.72**	$ 4.30	**$ 4.83**	$ 4.45

(1)Refer to "Non-GAAP and other financial measures"

For the three and six months ended June 30, 2022, net operating expenses were $23.3 million ($4.72 per boe) and $45.2 million ($4.83 per boe), respectively, compared to $10.9 million ($4.30 per boe) and $22.7 million ($4.45 per boe) for the same periods in 2021, respectively. The increase in net operating expenses on a per boe basis in 2022 compared to 2021 is primarily due to the impact of production from the Company's acquisition of assets in the Edson area on June 30, 2021, which bear a higher operating cost burden due to the higher oil and natural gas liquids content.

Transportation expenses

	Three months ended June 30,		Six months ended June 30,	
($000s, except per boe)	**2022**	2021	**2022**	2021
Transportation expenses	**7,668**	2,389	**13,474**	4,899
Per boe[1]	**$ 1.55**	$ 0.94	**$ 1.44**	$ 0.96

[1] Refer to "Non-GAAP and other financial measures"

Transportation expenses include the cost of transporting natural gas from the wellhead to the AECO pricing reference point, together with the costs associated with firm service transportation arrangements, which vary with production volumes. Westbrick's transportation expense has increased from $0.94 per boe and $0.96 per boe for the three and six months ended June 30, 2021, respectively, to $1.55 per boe and $1.44 per boe for the three and six months ended June 30, 2022, respectively. The increase is due to higher transportation costs associated with the Edson area assets acquired on June 30, 2021, and to higher natural gas prices which have translated into increased fuel costs on the transportation system.

Operating netback and operating netback prior to risk management[1]

	Three months ended June 30,		Six months ended June 30,	
($ per boe)	**2022**	2021	**2022**	2021
Revenue	**59.77**	26.09	**51.93**	25.84
Realized losses on financial instruments	**(8.71)**	(0.93)	**(5.91)**	(0.94)
Revenue including financial instruments	**51.06**	25.16	**46.02**	24.90
Royalties	**(8.83)**	(2.15)	**(6.64)**	(1.91)
Net operating expense	**(4.72)**	(4.30)	**(4.83)**	(4.45)
Transportation expense	**(1.55)**	(0.94)	**(1.44)**	(0.96)
Operating netback	**35.96**	17.77	**33.11**	17.58
Operating netback prior to risk management	**44.67**	18.70	**39.02**	18.52

[1] Refer to "Non-GAAP and other financial measures"

For the three and six months ended June 30, 2022, the operating netback was $35.96 per boe and $33.11 per boe, respectively, compared to $17.77 per boe and $17.58 per boe for the same periods in 2021, respectively. The increase in the netbacks in 2022 from 2021 is due to the impact of higher commodity prices, partially offset by higher royalties, net operating, and transportation expenses.

General and administration

For the three and six months ended June 30, 2022, general and administration expense ("G&A") was $2.1 million ($0.43 per boe) and $5.0 million ($0.53 per boe), respectively, compared to $2.0 million ($0.79 per boe) and $4.1 million ($0.81 per boe) for the same periods in 2021, respectively. The increase in gross costs over the periods is primarily due to staff additions and related costs associated with the Company's increased production and activity. The amount of capitalized G&A is dependent on the activity level of the Company's capital program. Costs on a per boe basis can change depending on a number of factors, including the Company's actual production levels.

	Three months ended June 30,		Six months ended June 30,	
($000s, except per boe)	**2022**	2021	**2022**	2021
Gross costs	**4,901**	2,699	**10,917**	6,082
Capitalized overhead recoveries	**(2,433)**	(565)	**(5,365)**	(1,756)
Operating overhead recoveries	**(338)**	(119)	**(577)**	(219)
General and administration	**2,130**	2,015	**4,975**	4,107
Per boe(1)	**$ 0.43**	$ 0.79	**$ 0.53**	$ 0.81

(1) Refer to "Non-GAAP and other financial measures"

Transaction costs

For the three and six months ended June 30, 2022, the Company incurred $3.1 million and $3.3 million, respectively, in legal and professional costs (three and six months ended June 30, 2021 - $2.1 million). These costs were incurred in connection with evaluating unsuccessful acquisitions and were expensed.

Depletion and depreciation

Depletion and depreciation expense was $34.7 million ($7.01 per boe) and $65.4 million ($6.99 per boe) for the three and six months ended June 30, 2022, respectively, compared to $20.7 million ($8.14 per boe) and $36.7 million ($7.21 per boe) for the same periods in 2021, respectively. Depletion and depreciation expense per boe will vary from one period to the next depending on expired mineral leases and changes in reserves that result from various factors such as drilling activity, commodity price changes and the efficiency of converting capital expenditures into reserves.

	Three months ended June 30,		Six months ended June 30,	
($000s, except per boe)	**2022**	2021	**2022**	2021
Depletion and depreciation	**34,655**	20,661	**65,427**	36,703
Per boe(1)	**$ 7.01**	$ 8.14	**$ 6.99**	$ 7.21

(1) Refer to "Non-GAAP and other financial measures"

The calculation of depletion and depreciation expense for the three months ended June 30, 2022 includes estimated future costs of $1,062.3 million (June 30, 2021 - $502.5 million) associated with the development of the Company's proved plus probable reserves.

For the three and six months ended June 30, 2022, depletion and depreciation expense includes expiries of $2.2 million and $4.8 million, respectively (three and six months ended June 30, 2021 - $4.2 million). Excluding expiries, depletion and depreciation expense was $6.57 per boe and $6.48 per boe for the three and six months ended June 30, 2022, respectively, compared to $6.48 per boe and $6.39 per boe for the same periods in 2021, respectively.

At June 30, 2022, the Company determined there were no indicators of impairment associated with its Property, Plant and Equipment, nor on its Exploration and Evaluation assets and accordingly did not perform an impairment test.

Capital expenditures

The Company's net capital expenditures(1) for the three and six months ended June 30, 2022 were $91.2 million and $177.1 million, respectively, compared to $160.5 million and $200.7 million for the same periods in 2021, respectively. Net capital expenditures(1) were higher in 2021 compared to 2022 reflecting the acquisition of the Edson area assets on June 30, 2021 for $130.4 million. Exploration and development expenditures were higher for the three and six months ended June 30, 2022, compared to the same periods in 2021, due to Westbrick's expanded capital budget for 2022 over 2021, a result of improved commodity prices, netbacks and cash flows.

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	2021	**2022**	2021
Lease acquisition and retention	**10,635**	2,295	**11,052**	2,324
Geological and geophysical	**19**	7,065	**403**	7,370
Drilling and completions	**52,081**	14,602	**121,304**	45,769
Facilities	**28,010**	6,098	**43,833**	14,838
Exploration and development	**90,745**	30,060	**176,592**	70,301
Acquisitions	**364**	130,391	**364**	130,391
Office assets	**101**	31	**138**	51
Net capital expenditures(1)	**91,210**	160,482	**177,094**	200,743

(1)Refer to "Non-GAAP and other financial measures"

During the second quarter of 2022, Westbrick drilled 12 gross (10.7 net) wells and brought 9 gross (7.9 net) wells on production, compared to 7 gross (5.1 net) wells and 5 gross (4.5 net) wells, respectively, for the same period in 2021.

Liquidity and capital resources

The Company has a revolving committed term credit facility (the "Credit Facility") with a syndicate of financial institutions (the "Lenders"). The Credit Facility is comprised of an extendable $295 million syndicated facility and a $30 million operating facility, of which the Company has drawn $43.2 million as at June 30, 2022. The Credit Facility is available for a revolving period of 364 days maturing on May 31, 2022 and may be extended annually at the Company's and Lenders' option and subject to Lender approval, with a term out to May 31, 2023, when amounts under the Credit Facility would be due if not extended. The Company is in compliance with all non-financial covenants and there are no financial covenants in place as at June 30, 2022.

Interest is payable monthly for borrowings through direct advances. Under the Credit Facility, borrowing is also available utilizing bankers' acceptances. The Credit Facility provides for interest rates on a pricing grid and range from bank prime plus 1.75% to bank prime plus 5.25% for direct advances and stamping fees of 2.75% to 6.25% for borrowings utilizing bankers acceptances, depending upon the Company's then current bank debt to trailing 12 months cash flow ratio of between less than 0.5 times to greater than 4.5 times. Borrowing margins and fees are reviewed annually as part of the Lenders' annual renewal.

The Credit Facility is subject to semi-annual borrowing base reviews, generally on or before May 31 and November 30 each year. In the event that the Lenders reduce the borrowing base below the amount drawn at the time of the re-determination, the Company has 60 days to eliminate any borrowing base shortfall by repaying the amount drawn in excess of the re-determined borrowing base, or by providing additional security or other consideration satisfactory to the Lenders. Repayments of principal are not required provided that the borrowings under the Credit Facility do not exceed the authorized borrowing amount and the Company is in compliance with all covenants, representations and warranties.

The Lenders have extended the conversion and borrowing base review dates from May 31, 2022 to August 31, 2022, with the review process and renewal currently under way. While the review encompasses many factors, the Company has no reason to believe that the amount of the borrowing base and the terms of the Credit Facility will not be renewed at or similar to the terms of the borrowing base presently in place. In the unlikely event that the Credit Facility is not extended by the Lenders, the Company is expected to generate sufficient cash flows to meet its current financial obligations.

The Facility is secured by a $1 billion first fixed and floating charge debenture over all assets.

For the six months ended June 30, 2022, the Company's average effective interest rate was 5.0% (six months ended June 30, 2021 – 4.6%).

Westbrick's objective is to maintain a flexible capital structure in order to meet its financial obligations, execute on strategic opportunities, and respond to changes in economic conditions. Consistent with this objective, the Company closely monitors its net debt. The following table summarizes Westbrick's calculations of working capital deficiency and net debt as at June 30, 2022 and 2021:

	June 30,	
($000s)	**2022**	2021
Current assets	**116,291**	32,659
Current liabilities	**(256,150)**	(62,469)
	(139,859)	(29,810)
Add:		
Current portion of decommissioning obligation	**2,639**	600
Fair value of financial instruments	**43,513**	15,518
Current portion of lease obligation	**404**	-
Current portion of bank debt	**43,186**	-
Working capital (deficiency)[1]	**(50,117)**	(13,692)
Bank debt	**(43,186)**	(190,519)
Net debt)[1]	**(93,303)**	(204,211)

[1]*Refer to "Non-GAAP and other financial measures"*

Since its inception, the Company has followed a disciplined approach of determining its capital program on anticipated cash flow. Westbrick is maintaining this approach for 2022, and the capital program will be managed in line with cash flows. The Company started 2022 with a strong Statement of Financial Position, which provides the flexibility to take advantage of economic opportunities, and the strength to withstand potential future volatility in commodity prices. The impact of the COVID-19 pandemic, in addition to the conflict in Ukraine, has resulted in increased volatility in commodity prices which can be managed for the following reasons:

- its credit facility agreement does not contain any financial covenants
- the Company has manageable transportation commitments
- there are no drilling commitments
- financial hedges are in place to protect a portion of its 2022 revenue and cash flows

The Company actively monitors receivables due from oil and natural gas marketers and from joint asset partners in order to manage credit risk and continues to expect that its receivables are substantially collectible.

Share capital
The Company has an unlimited number of Common and Preferred Shares authorized for issuance. As at June 30, 2022 and 2021, there were 47,352,572 Common Shares and weighted average number of common shares issued and outstanding and nil Preferred Shares issued and outstanding. Subsequent to June 30, 2022, 25,000 common shares were issued upon an exercise of stock options, there have been no other changes to the number of issued and outstanding Common or Preferred Shares as at August 11, 2022.

Share-based compensation
The Company's share option plan has authorized 5,235,257 common share options for issuance and as at June 30, 2022, 5,230,000 options were issued and outstanding (December 31, 2021 – 4,980,000). During the six months ended June 30, 2022, 250,000 options were granted.

Share-based compensation expense of $0.9 million and $1.8 million was recorded for the three and six months ended June 30, 2022, respectively ($0.7 million and $1.4 million for the three and six months ended June 30, 2021, respectively).

Finance expenses
For the three and six months ended June 30, 2022, the Company incurred finance expenses of $2.6 million and $5.2 million, respectively, compared to $1.1 million and $2.2 million for the same periods in 2021. The increase is due to Westbrick's higher debt levels for 2022, resulting from the Company's $131.8 million acquisition of certain Edson area assets on June 30, 2021, which was financed through its Credit Facility. In addition, the Company incurred higher borrowing rates, driven by the 125 basis point increase in the Bank of Canada's policy interest rate during the first six months of 2022.

Commitments
The Company enters into various contractual obligations and commitments in the normal course of operations. The following table lists Westbrick's estimated material contractual obligations and commitments at June 30, 2022:

($000s)	2022	2023	2024	2025	2026	Thereafter	Total
Gas transportation	$ 5,857	$ 8,450	$ 5,057	$ 3,120	$ 1,618	$ 964	$ 25,066
Gas processing	3,831	5,891	5,891	-	-	-	15,613
Office leases	135	540	403	-	-	-	1,078
Capital costs(1)	5,094	-	-	-	-	-	5,094
Bank debt	-	43,186	-	-	-	-	43,186
Total	$14,917	$ 58,067	$ 11,351	$ 3,120	$ 1,618	$ 964	$ 90,037

(1) Includes commitments to purchase pipeline materials

Selected quarterly information

The following table sets forth selected financial information for the Company's eight most recently completed quarters:

($000, unless otherwise noted)	**Q2/22**	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20
FINANCIAL								
Revenue before royalties and financial instruments	**295,331**	190,496	138,751	106,338	66,266	65,175	44,600	35,016
Adjusted funds flow(1)	**145,377**	122,446	85,000	65,462	40,052	41,011	25,501	17,170
Per share – basic(1)	**3.07**	2.59	1.80	1.38	0.85	0.87	0.54	0.36
Cash flows from operating activities	**177,539**	102,647	92,127	59,617	36,229	37,999	21,024	16,504
Per share – basic	**3.75**	2.17	1.95	1.26	0.77	0.80	0.44	0.35
Net income (loss)	**126,684**	25,800	70,360	5,500	(51)	18,117	23,664	191
Per share – basic	**2.68**	0.54	1.49	0.12	-	0.38	0.50	-
Net capital expenditures(1)	**91,210**	85,884	88,982	38,772	160,482	40,261	26,771	11,241
Working capital deficiency(1)	**50,117**	5,792	52,572	6,662	13,692	20,776	13,741	11,260
Bank debt	**43,186**	141,281	128,930	170,859	190,519	63,031	70,754	71,903
PRODUCTION								
Average daily production (boe/d)	**54,299**	49,047	33,813	36,927	27,906	28,311	24,456	22,709
Average realized price with risk management ($/boe)(1)	**51.06**	40.38	35.54	29.44	25.16	24.64	18.72	15.24
Operating netback ($/boe)(1)	**35.96**	29.90	25.20	20.78	17.77	17.38	12.69	9.59

(1)Refer to "Non-GAAP and other financial measures"

The oil and gas exploration and production industry is cyclical in nature and the Company manages its commodity price risk by managing production in response to seasonal commodity price volatility, and by moderating the amount and timing of its capital program which directly impacts quarterly revenue, adjusted funds flow and net income.

The Company attempts to mitigate the impact of volatile commodity prices on adjusted funds flow by entering into risk management contracts, which can cause significant fluctuations in net income due to the recognition of unrealized gains and losses on financial instruments. Revenue before royalties and financial instruments over the past eight quarters has fluctuated largely due to the volatility of commodity prices and changes in production volumes. Net income (loss) in the past eight quarters has fluctuated from a net loss of $0.1 million in the second quarter of 2021 to net income of $126.7 in the second quarter of 2022. These fluctuations are influenced by commodity prices, realized and unrealized gains and losses on financial instruments, fluctuations in production volumes, and impairment charges.

Since the challenging commodity price environment experienced early in the COVID-19 pandemic, Westbrick's average realized prices and revenues have steadily improved through Q2 2022, reflecting the improvement in the benchmark prices over the same periods. During the first half of 2022, prices have also been impacted by the geopolitical situation in Ukraine. These increases have had a similar impact on adjusted funds flow, allowing the Company to increase capital spending while paying down debt with the remaining adjusted funds flow. The Company's disciplined approach to managing its balance sheet provided Westbrick with the financial capacity to fund the $131.8 million purchase price for certain Edson area assets in June 2021 through its Credit Facility. Continued strength in commodity prices, higher production levels and a disciplined approach to the capital program allowed the Company to reduce bank debt to $43.2 million at June 30, 2022.

Commodity price fluctuations can indirectly impact expected production by changing the amount of funds available to reinvest in exploration, development and acquisition activities. Changes in commodity prices impact the economics of potential capital projects through their impact on the quantities of reserves that are commercially recoverable. As such, the Company's net capital expenditures[1] will fluctuate with changes in commodity prices.

Risks and uncertainties

Westbrick's activities expose it to a variety of financial and operational risks and uncertainties that arise as a result of its exploration, development, production, and financing activities. Westbrick's business could also be affected by additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial. If any of these risks occur, it could materially harm Westbrick's business, financial condition, results of operations, cash flows, or impair the Company's ability to implement business plans or complete development activities as scheduled. These risks include, but are not limited to, the following:

- The ability to find, produce and replace reserves at a reasonable cost, including the risk of reserve revisions due to economic and technical factors.
- Reservoir quality and the uncertainty of reserves estimates.
- Volatility in the prevailing prices of crude oil, NGLs and natural gas.
- The ongoing impact of COVID-19 on the global economy.
- The ability to secure adequate transportation for products which could be affected by pipeline and storage constraints.
- Access to market for the Company's products.
- Failure to realize the anticipated benefits of acquisitions and dispositions.
- Geopolitical risks including those associated with the actions of OPEC+ on global oil supply and the subsequent impact on price.
- Changing physical and regulatory burdens relating to climate change
- Operating risks inherent in the exploration, development, production and sale of crude oil and natural gas.
- Business interruptions due to unexpected events such as fires or explosions, severe storms or other acts of nature, equipment failures or other similar events affecting the Company or other parties whose operations directly or indirectly affect the Company.
- Alternatives to and changing demand for petroleum products.
- Regulatory risk resulting from potential actions of governments, regulatory agencies and other stakeholders that may result in additional costs or restrictions.
- Credit risk related to non-payment for marketing contracts or other counterparties.
- Limited or restricted access to capital.

Westbrick uses a variety of means to help mitigate or minimize these risks. The Company's assets are principally concentrated in the Deep Basin of Alberta, focused on the Spirit River, Rock Creek, Ellerslie, Cardium and Duvernay formations. This focus has allowed Westbrick to build geological, geophysical and operational expertise and efficiency in the development and production of these reserves. Product mix is diversified between crude oil, natural gas and NGLs, which reduces price risk in certain market conditions. The Company manages credit risk on accounts receivable by closely monitoring exposure to individual customers, joint venture partners and marketers. Westbrick builds flexibility into its capital program, allowing the Company to scale back activity in a low price environment, or increase activity to take

[1] Refer to "Non-GAAP and other financial measures"

advantage of higher prices, allowing Westbrick to maintain a strong balance sheet. There is a comprehensive insurance program in place, which is reviewed and updated on an annual basis. Westbrick has implemented cyber security protocols and procedures to reduce the risk of failure or a significant breach of the Company's information technology systems, and related data and control networks.

Critical accounting estimates

Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Westbrick continuously refines its management and reporting systems to ensure that accurate, timely and useful information is gathered and disseminated. Westbrick's critical accounting estimates are disclosed in Note 2 of the 2021 Financial Statements.

Forward-looking statements

Certain statements, other than statements of historical fact, contained in this MD&A, including, but not limited to, any information as to the future financial or operating performance of the Company constitute "forward-looking statements", and are based on expectations, estimates and projections as of the date of this MD&A. These statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will" or similar words suggesting future outcomes or language suggesting an outlook.

Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

More particularly and without limitation, this MD&A contains forward-looking statements relating, among other things, to the Company's risk management program, petroleum and natural gas production, product mix, forecasts, net operating income, adjusted funds flow, capital programs, commodity prices, costs and debt levels. The forward-looking statements are based on certain key expectations, estimates, projections and assumptions made by Westbrick in light of its experience and its perception of historical trends. The forward-looking statements include, but are not limited to, Westbrick's expectations, estimates, projections, and assumptions relating to prevailing commodity prices, applicable royalty rates and tax laws, future well production rates, the performance of existing wells, the success of drilling new wells, the availability of capital to undertake planned activities and the availability and cost of labour and services.

Management believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Since forward-looking statements address future events and conditions, by nature they involve inherent risks, uncertainties and other factors, some of which are beyond the Company's control and difficult to predict. Because actual results could differ materially from those currently anticipated due to a number of factors and risks, undue reliance should not be placed on any such forward-looking statements. Forward-looking statements contained in this document are made as of the date hereof and Westbrick undertakes no obligation, except as required by applicable securities legislation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for Management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available. The forward-looking statements contained herein are expressly qualified by this cautionary statement.