

Statement of Income (Loss)

For the month and period ended September 30, 2018

(Unaudited)

| | Period Ended | | | Month Ended | | |
|---|--------------|-------------|-------------|--------------|-------------|-------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| Revenue: | | | | | | |
| Oil and gas sales | 3,456,455 | 3,614,679 | (158,224) | 363,687 | 477,046 | (113,359) |
| Royalties | 152,379 | 224,647 | 72,268 | 22,993 | 25,045 | 2,052 |
| | 3,304,076 | 3,390,032 | (85,955) | 340,694 | 452,001 | (111,307) |
| Purchased gas | (142,869) | (39,722) | (103,147) | (43,042) | 52,600 | (95,642) |
| Hedge gain (loss) | 64,567 | 25,234 | 39,332 | 26,924 | (15,500) | 42,424 |
| Petroleum and natural gas sales, net | 3,225,774 | 3,375,544 | (149,770) | 324,576 | 489,101 | (164,525) |
| Other income | 1,095 | - | 1,095 | - | - | - |
| | 3,226,869 | 3,375,544 | (148,675) | 324,576 | 489,101 | (164,525) |
| Cost of operations: | | | | | | |
| Production and operating | 2,922,390 | 1,924,672 | (997,719) | 297,872 | 379,750 | 81,878 |
| Transportaion | 478,587 | 498,578 | 19,990 | 74,800 | 78,618 | 3,818 |
| Deletion, depreciation and amortization | 2,754,804 | 1,909,235 | (845,569) | 1,314,798 | 286,302 | (1,028,496) |
| General and administrative | 1,394,195 | 1,444,650 | 50,455 | 152,100 | 160,373 | 8,273 |
| Finance expenses | 264,565 | 268,123 | 3,558 | 75,070 | 43,287 | (31,783) |
| | 7,814,541 | 6,045,258 | (1,769,285) | 1,914,640 | 948,330 | (966,310) |
| Net earnings (loss) for the period | (4,587,671) | (2,669,714) | (1,917,957) | (1,590,064) | (459,229) | (1,130,835) |
| Prior period earnings (loss) | (6,872,631) | (6,377,760) | (494,871) | (9,870,238) | (8,588,245) | (1,281,993) |
| Accumulated earnings (loss) | (11,460,302) | (9,047,474) | (2,412,828) | (11,460,302) | (9,047,474) | (2,412,828) |

Balance Sheet (unaudited)

As at

| | September 30 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Assets | | |
| Restricted Cash equivalent | 179,705 | 2,625,000 |
| Accounts receivable | 382,644 | 1,237,050 |
| Deposits and prepaid expenses | 156,287 | 85,337 |
| | 718,636 | 3,947,387 |
| Property, plant and equipment | 85,101,816 | 68,691,767 |
| Evaluation and exploration assets | 33,517,011 | 33,172,977 |
| | 118,618,827 | 101,864,744 |
| Total assets | 119,337,463 | 105,812,131 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 1,413,300 | 21,077,782 |
| Bregal loan | 12,000,000 | - |
| Bank debt | 13,241,993 | 3,743,155 |
| | 26,655,293 | 24,820,937 |
| Decommissioning liabilities | 2,009,385 | 1,215,738 |
| Total liabilities | 28,664,678 | 26,036,675 |
| Equity | | |
| Partner's equity - Class A | 100,000,000 | 84,818,627 |
| Partner's equity - Class B | 2,000,000 | 1,696,373 |
| Partner's equity - Class C | 16,407 | 16,407 |
| Contributed surplus | 116,680 | 116,680 |
| Accumulated deficit | (11,460,302) | (6,872,631) |
| Total equity | 90,672,785 | 79,775,456 |
| Total liabilities and partner's equity | 119,337,463 | 105,812,131 |

Statement of Cash Flows (unaudited)

For the month ended September 30, 2018

| | Period Ended | Month Ended |
|---|--------------|-------------|
| Operating Activities | | |
| Net earnings for the period | (4,587,671) | (1,590,064) |
| Items not affecting cash: | | |
| Depletion, depreciation and amortization | 2,754,804 | 1,314,798 |
| Accretion expense | 35,660 | 20,813 |
| Changes in non-cash working capital | 450,976 | (303,405) |
| Net cash provided by (used in) operating activities | (1,346,231) | (557,858) |
| Financing Activities | | |
| Bank debt | 9,498,838 | (69,388) |
| Bregal loan | 12,000,000 | 1,000,000 |
| Partner's equity - class A | 15,181,373 | - |
| Partner's equity - class B | 303,627 | - |
| Net cash provided by (used in) investing activities | 36,983,838 | 930,612 |
| Investing Activities | | |
| Additions to exploration and evaluation assets | (493,871) | (66,946) |
| Disposition of exploration and evaluation assets | 150,400 | - |
| Additions to oil and gas properties | (18,284,183) | (48,069) |
| Additions to office assets | (122,756) | - |
| Change in non-cash working capital | (19,332,492) | (257,740) |
| Net cash provided by (used in) investing activities | (38,082,902) | (372,754) |
| Change in cash during the period | (2,445,295) | - |
| Cash, beginning of the period | 2,625,000 | 179,705 |
| Cash, end of the period | 179,705 | 179,705 |