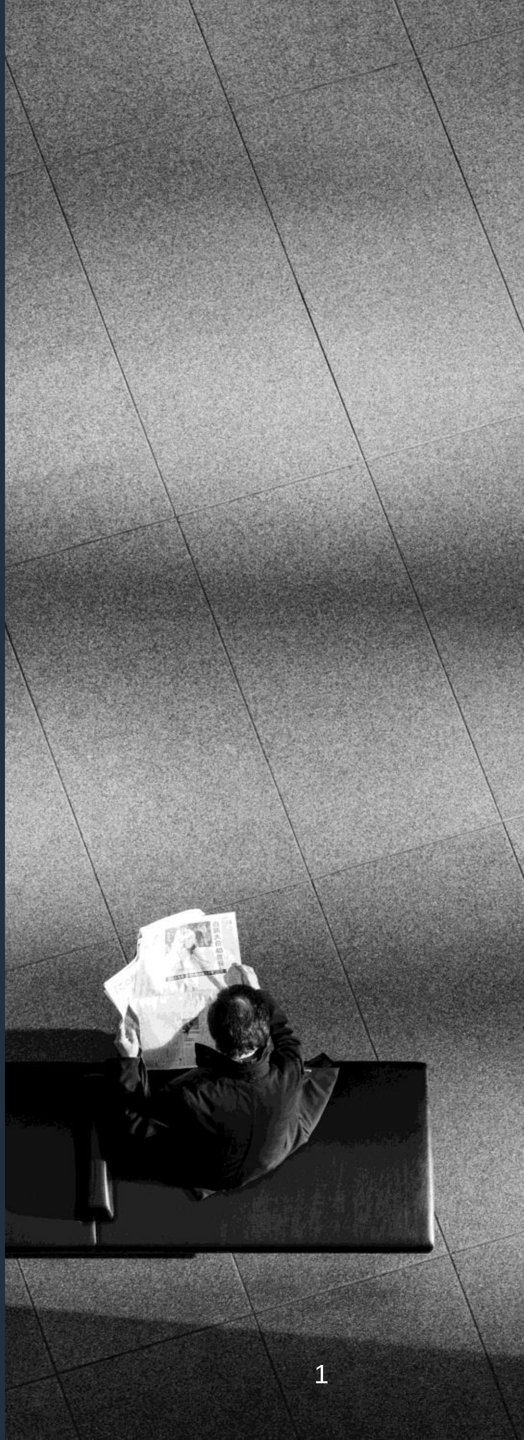
Corporate Finance Session



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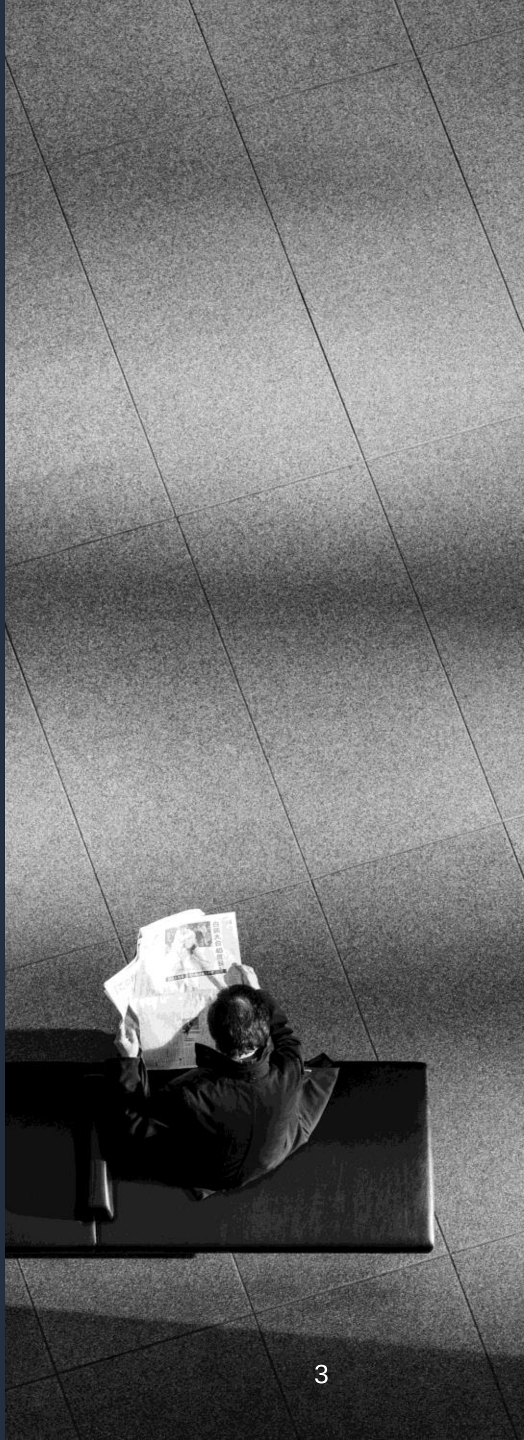
Agenda

1	COVID-19 disclosure considerations
2	Liquidity and capital resources
3	Transactions between related parties
4	Forward-looking information
5	Non-GAAP financial measures
6	Impairment of assets
7	Reporting of climate-change related risks
8	Regulatory update
9	Questions

COVID-19 disclosure considerations



COVID-19 introduction

- A rapidly-changing environment has made relevant financial disclosure determination more difficult
- No new disclosure requirements under IFRS or NI 51-102
- Relevant disclosure of the impacts of COVID-19 can be provided within existing disclosure frameworks

COVID-19 key areas of focus

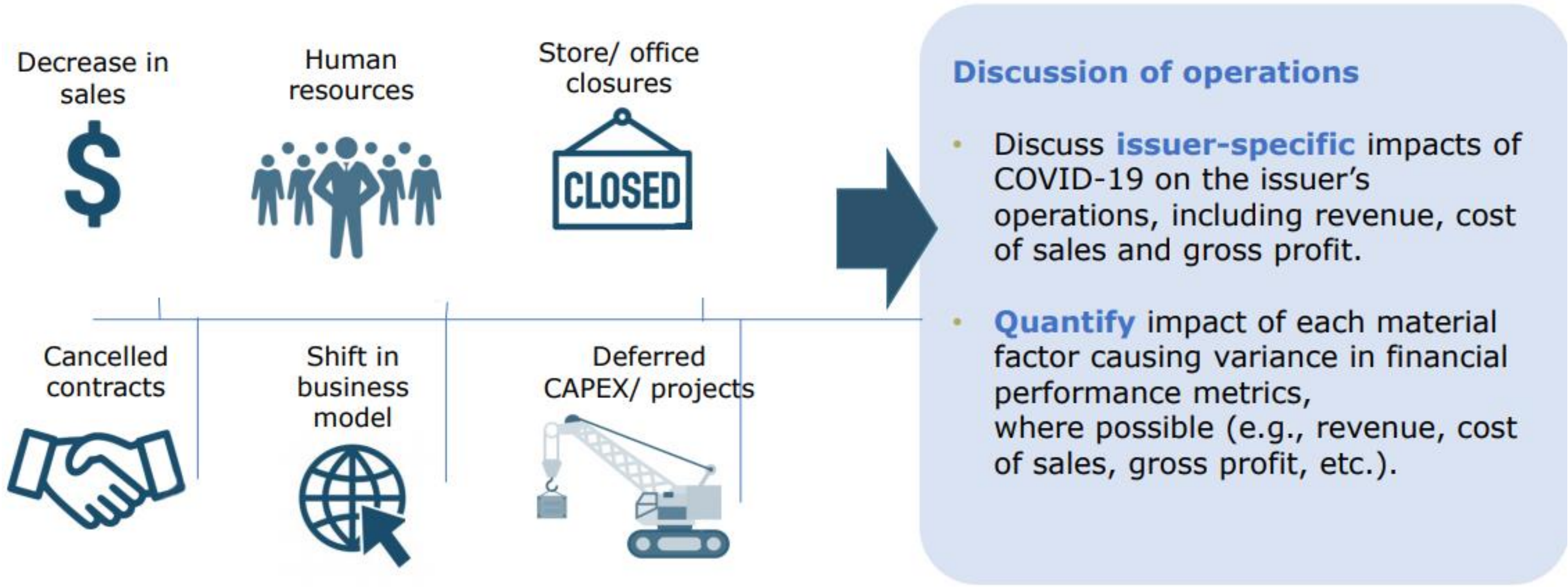
Management's Discussion & Analysis (MD&A)
Discussion of operations Liquidity and capital resources Forward-looking information Risk factors Non-GAAP financial measures

Financial Statements
Significant judgements and estimation uncertainty

COVID-19 early takeaways

- *Multiple business impacts → Multiple disclosure impacts*
- *Different degree of impact → Different degree of disclosure*
- *Avoid generic disclosure → Tell your own story*

COVID-19 and discussion of operations

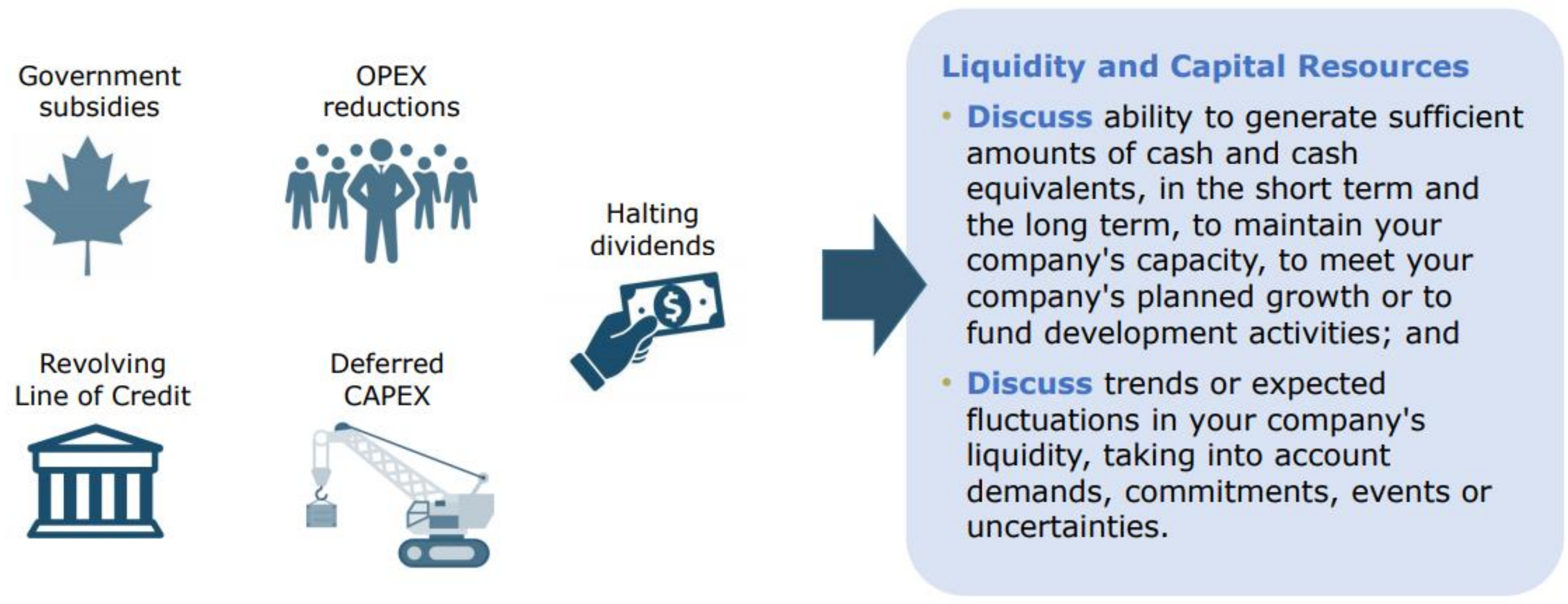


Graphic source: CSA COVID-19 presentation May 6, 2020

COVID-19 discussion of operations: questions to consider

- How has demand for products and services been impacted?
- What has been the effect of government support? Where has it been recorded?
- How have customers, supply chain and distribution channels been affected?
- What is the issuer’s strategy to deal with COVID-19 effects (e.g. operational changes, new product/service offerings, etc.)?

COVID-19 & liquidity and capital resources



Graphic source: CSA COVID-19 presentation May 6, 2020

COVID-19 & liquidity and capital resources: questions to consider

- Has the status, timing, and budget for planned projects been directly impacted by COVID-19 and if so, how?

- If a decrease in demand can be attributed to COVID-19, has the impact to cash flows from operations been discussed?

- To what extent has government support impacted the issuer’s liquidity?

COVID-19 and forward-looking information (FLI)

- Consider if previously disclosed FLI guidance needs to be modified under NI 51-102:
  - UPDATED – subsection 5.8(2); or
  - WITHDRAWN – subsection 5.8(5)

COVID-19 and FLI: questions to consider

- Is there still a **reasonable basis** for the previously disclosed FLI?
- Are the underlying **assumptions** still supportable? Have they been disclosed?
- Have **risk factors** impacting FLI changed?

COVID-19 and related risk factors

- Disruptions to day-to-day operations resulting from health and safety measures or government-imposed closures.
- Disruptions and volatility in the global capital markets, increasing the cost of capital and adversely impacting access to capital.
- Disruptions to supply chain as a result of mass quarantines or lockdowns in the issuer's home jurisdiction or abroad.
- Interruptions to, or restrictions on, the export or shipment of our products to other countries.
- Limitations on the ability of issuer's customers to perform, including in making timely payments.
- Reliance on major customers that have stopped or decreased operations as a result of shutdown or non-essential services.

Graphic source: CSA COVID-19 presentation May 6, 2020

COVID-19 and non-GAAP financial measures (NGMs)

We Remind	• **Staff Notice 52-306 (Revised) Non-GAAP Financial Measures** • A loss or expense should not be described as non-recurring, infrequent or unusual when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years.
We Encourage	• Given the uncertainty in the current environment, there may be a limited basis for management to conclude that a loss or expense is non-recurring, infrequent or unusual. • It would be misleading to describe an adjustment as COVID-19 related, if management does not explain how the adjustment amount was specifically associated with COVID-19. For example, we caution issuers from characterizing an impairment as COVID-19 related, where indicators of impairment existed prior to the pandemic that are unrelated to COVID-19.

Graphic source: CSA COVID-19 presentation May 6, 2020

Judgements & estimates: significant areas

New judgements or estimates may be needed as a result of COVID-19

Going concern assessment

Impairment assessments

Fair value calculations

Government assistance

Graphic source: CSA COVID-19 presentation May 6, 2020

COVID-19 and judgements & estimates

We Understand	• Issuers are preparing financial statements in an **evolving and uncertain environment**, with potentially imperfect information that could change after materials are made publically available.
We Encourage	• Issuers to use the **best available information** in making **well-reasoned judgements** and estimates and provide the required disclosure of significant judgements and estimates. • Issuers with similar circumstances may have different judgements and estimates based on the information available, which is why **detailed entity-specific disclosure** in an entity's annual or interim financial statements is of great importance.
We Remind	• Issuers must consider, **as new information becomes available**, whether their judgements and estimates need to be **updated and prospectively** reflected in the financial statements.

Graphic source: CSA COVID-19 presentation May 6, 2020

Practice tips: COVID-19 disclosure

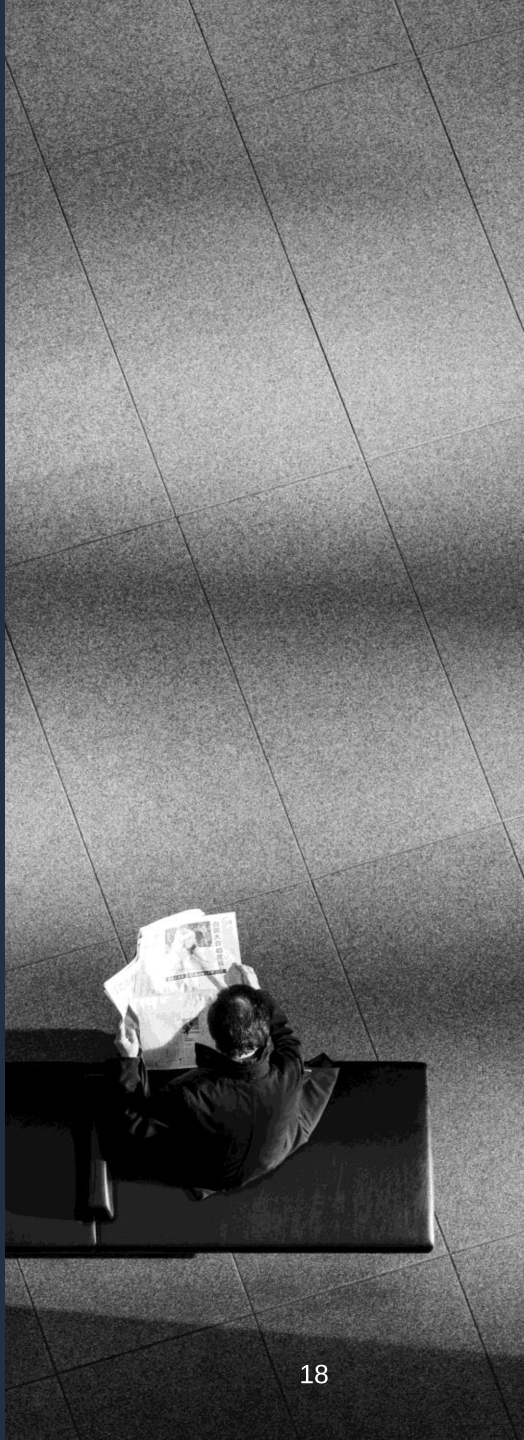
Some DO's

- Take a broad view of the significant COVID-19 effects on your business
- Provide transparent and entity-specific disclosure

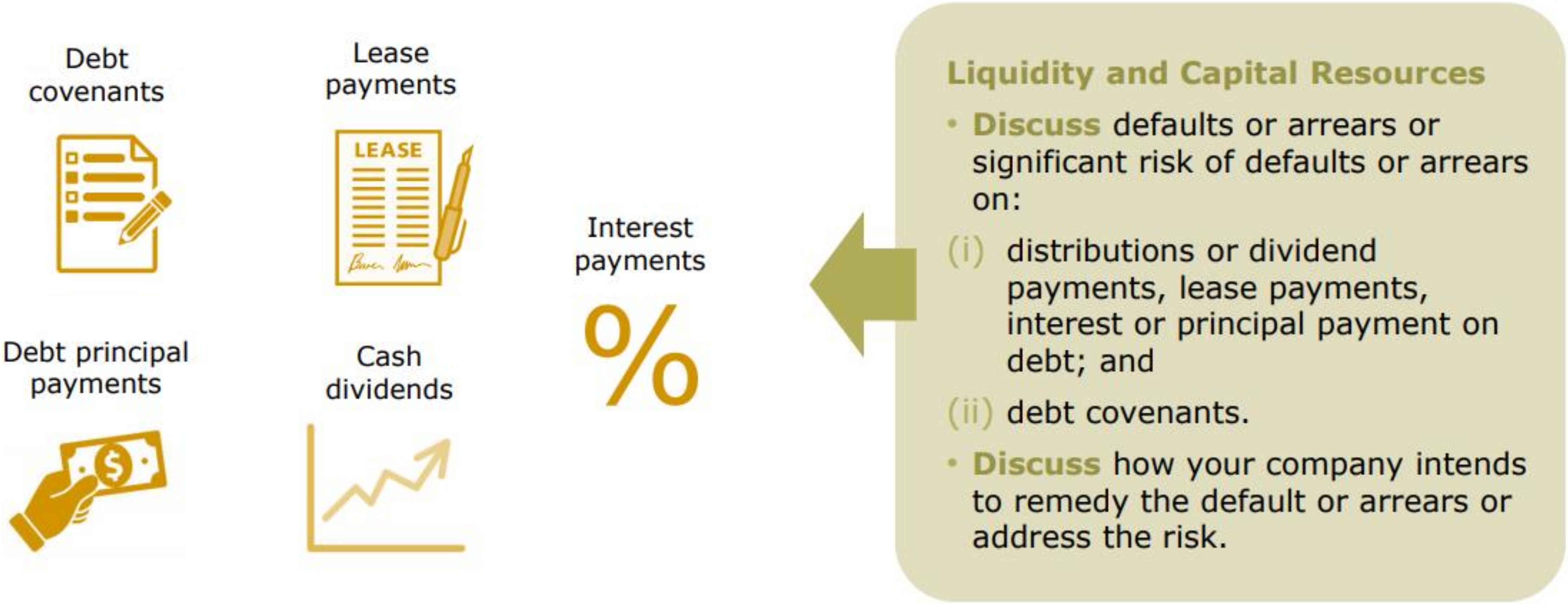
Some DON'Ts

- "Freeze" evaluation of estimates or judgements at pre-COVID-19 values
- Focus on generic disclosure on COVID-19 itself without describing specific impacts
- Attribute all operating variances to COVID-19

Liquidity and capital resources



Liquidity and capital resources: key discussion items



Graphic source: CSA COVID-19 presentation May 6, 2020

1.6 - Liquidity disclosures

Selection of key MD&A discussion items:

(a) Cash generation to sustain, grow business

(b) Trends, events, uncertainties

(d) Risks with financial instruments

(e) Working capital deficiencies

(h) Risk of default on debt covenants, payment

1.6 (e) Working capital deficiencies

- Identify the deficiency, address the impacts

- Discuss plan to address the deficiency:

    - Actions (e.g. change in operating cash flow, dividend decreases, reduced capex, draw on credit facility, etc.)

    - Timing

1.6 (h) Defaults on debt covenants, payments

- *Significant risk* of default should be made clear
- Misleading (lack of) disclosure to ignore risk and only report on actual event
- Best practice: Disclose actual covenant ratios

Practice tips: liquidity and capital resources

- Avoid boilerplate disclosure or a simple description of the statement of cash flows

- Effective disclosure would integrate the discussion of cash requirements (1.6 Liquidity) and sources of funding (1.7 Capital resources)

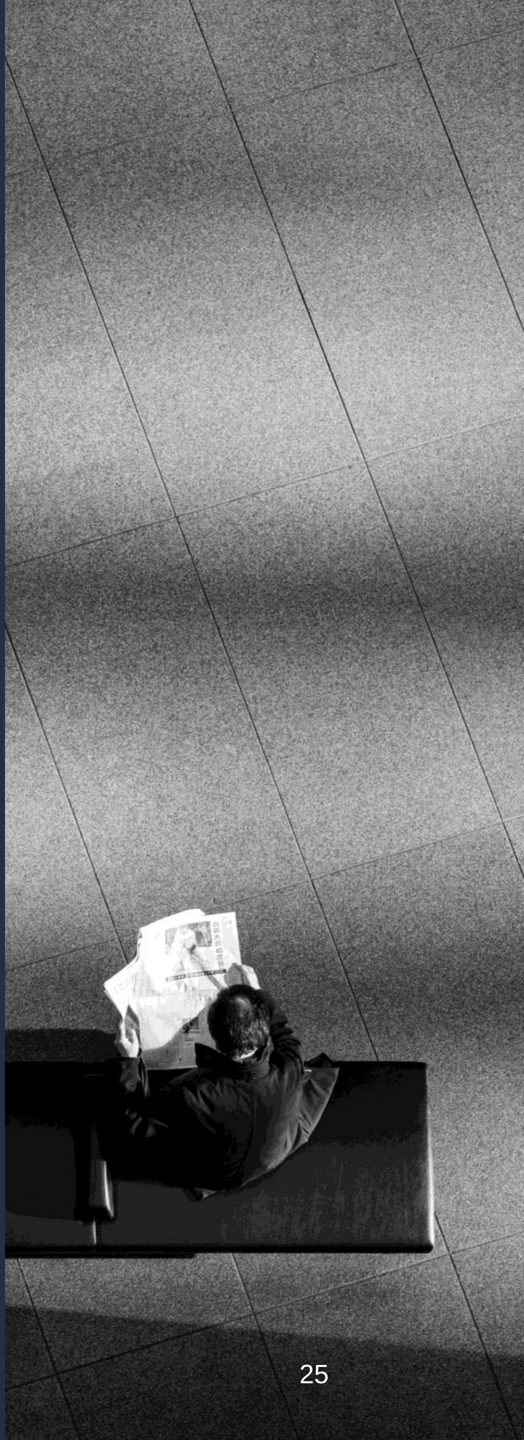
Liquidity and capital resources: questions to consider

- Have cash shortfalls been discussed and what impact this will have on the business?

- Have any capital projects been deferred? Have the impacts of any changes in plans been explained?

- Have dividend payment reductions been discussed? Have suspension of share repurchase programs been explained?

Transactions between related parties



Related party transactions disclosure requirements

The relationship and identity of the related person or entities

The business purpose of the transaction

The recorded amount of the transaction and describe the measurement basis used

Any ongoing contractual or other commitments resulting from the transaction

Areas of improvement

- Clear identification of related person or entity
- State the business purpose of the transaction
- Establish how the measurement basis was determined
- Provide entity-specific disclosure

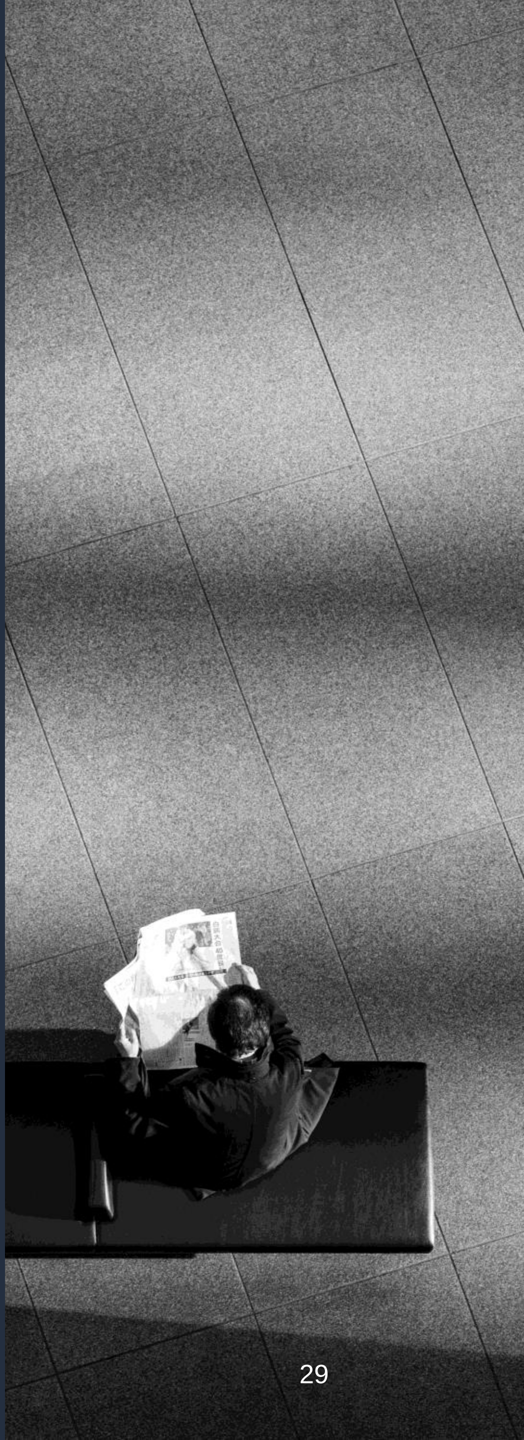
Disclosure example

Example that met our expectations:

During the last quarter of 202X, advances totaling $25,000 were made to the Company to cover the cost of reinstatement as a reporting issuer in good standing and to finance the legal, audit and accounting costs related thereto. Of these, advances of $5,000 each were made by Charlotte Yale and Carlos Garcia, current directors of the Company, and $5,000 was advanced by Wilson & Co., a company of which Jack Wilson, a director of the Company, is a shareholder. These advances carry an interest rate of 5%, which is consistent with other advances received by the Company, with a maturity date of September 30, 202X. Interest of $300 has been accrued on these advances, consisting of $90, $80 and $130 to Charlotte Yale, Carlos Garcia and Wilson & Co., respectively. No interest has been paid on these advances as of this date.

There were no amounts owing to or from the Company involving any other related parties at December 31, 202X.

Forward-looking information



What is forward-looking information?

Future-oriented financial information (FOFI)	Financial outlooks	Non-financial outlooks
Presented in the format of historical financial statements	Not presented in the format of historical financial statements; examples include: • Projected EBITDA • Revenue targets • Projected operating costs • Research & development spending	All other forward-looking statements; examples include: • Expected utilization • Timing of projects • Estimated number of future store openings • Expected occupancy rate

Forward-looking information disclosure requirements

Forward-looking information

Part 4A of NI 51-102

- Identification of FLI
- Reasonable basis for disclose
- Advisory that actual results may vary
- Risk factors associated with material assumptions
- Material assumptions used to develop FLI

FOFI and financial outlooks

Part 4B of NI 51-102

In addition to disclosure required for FLI (Part 4A) disclose:

- Limited time period
- Consistent accounting policies
- Date of management approval
- Purpose and use

Disclosure example

Excerpt from 2020 Corporate Report

The following table outlines certain significant forward-looking statements contained in this MD&A, including the updates noted above, as of the date of this MD&A. The disclosure below is intended to provide investors with the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

2021 Annual Guidance	Assumptions	Risk Factors
Adjusted funds flow[1] of $30- $35 million	Dependent on achieving projected production volumes of between 28,000 boe/d and 29,000 boe/d, completion of budgeted drilling program, no pipeline outages, realizing forecasted average commodity prices of: WTI USD $44.00/bbl and AECO $2.90/mcf. Royalty, Operating and G&A expenses to remain within our historical per boe norms.	Well performance, success of our 2021 capital program, unscheduled maintenance shut downs at the Foothills Alberta gas plant, pipeline capacity and access, toll increases, WTI oil prices, AECO gas prices.

Disclosure relating to previously disclosed material FLI

Disclosure requirements for updates

Subsection 5.8(2) of NI 51-102

Events and circumstances that occurred which are reasonably likely to cause actual results to differ materially from FLI previously disclosed.

Example that did not meet our expectations

Reporting Period	Disclosure
Q1 2020	The Company expects to start work on Project XYZ in June 2020.
Q2 2020	The Company expects to start work on Project XYZ in November 2020.
Q3 2020	The timing of project XYZ is uncertain

Disclosure relating to previously disclosed material FLI

Comparison to actual results

Subsection 5.8(4) of NI 51-102

Disclose and discuss material differences between actual results for the annual / interim period to which the MD&A relates and any FOFI or financial outlooks for the same period.

Example that met our expectations

Estimates and Actuals		
	2020 Annual Guidance	2020 Actual
Sales growth	1 – 2%	8.5%

A 5% increase in sales was achieved during the year due to the introduction of product XYZ in Q3 2020. The remaining 3.5% increase in sales resulted from sales of product ABC. The reduction of product ABC's selling price drove an increase in sales volume for this product.

Disclosure relating to previously disclosed material FLI

Disclosure requirements for withdrawals

Subsection 5.8(5) of NI 51-102

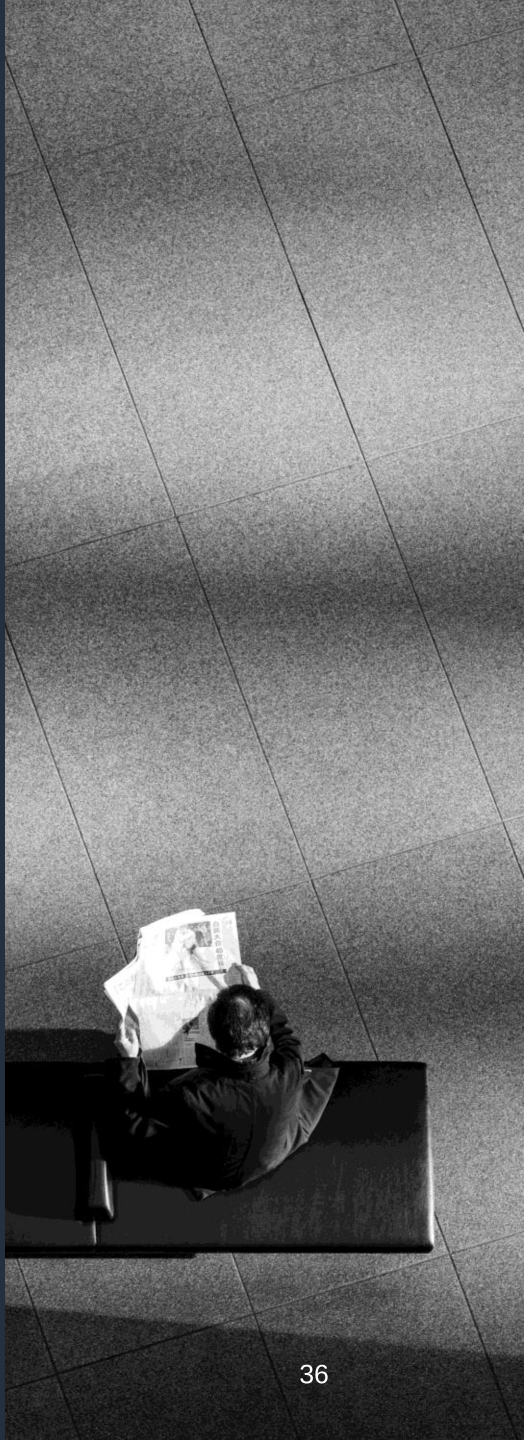
Disclose the decision to withdraw and discuss the events and circumstances that led to the decision.

Example that met our expectations

Outlook

Overall, we expect this will be a challenging year for the oil and gas industry. At this time, we must note that it is very difficult to accurately predict the potential impact that the recent crude price volatility will have on our business as the year proceeds. With continued **weakness in commodity prices** for oil and natural gas, we expect **lower utilization levels** for our fleet, as well as lower pricing, will continue to hamper our financial results. As a result, we **expect this year's revenue and gross profit margins will be notably lower than the previous year**. In addition, with this heightened uncertainty, we no longer believe it is appropriate to provide ongoing quantitative revenue or gross profit margin guidance and withdraw any previously disclosed revenue guidance for this fiscal year.

Non-GAAP financial measures



What is a non-GAAP financial measure?

Cash costs

Funds flow netback

Adjusted funds flow

Adjusted Revenue

Adjusted EBITDA

Field operating expense

Capital Expenditures

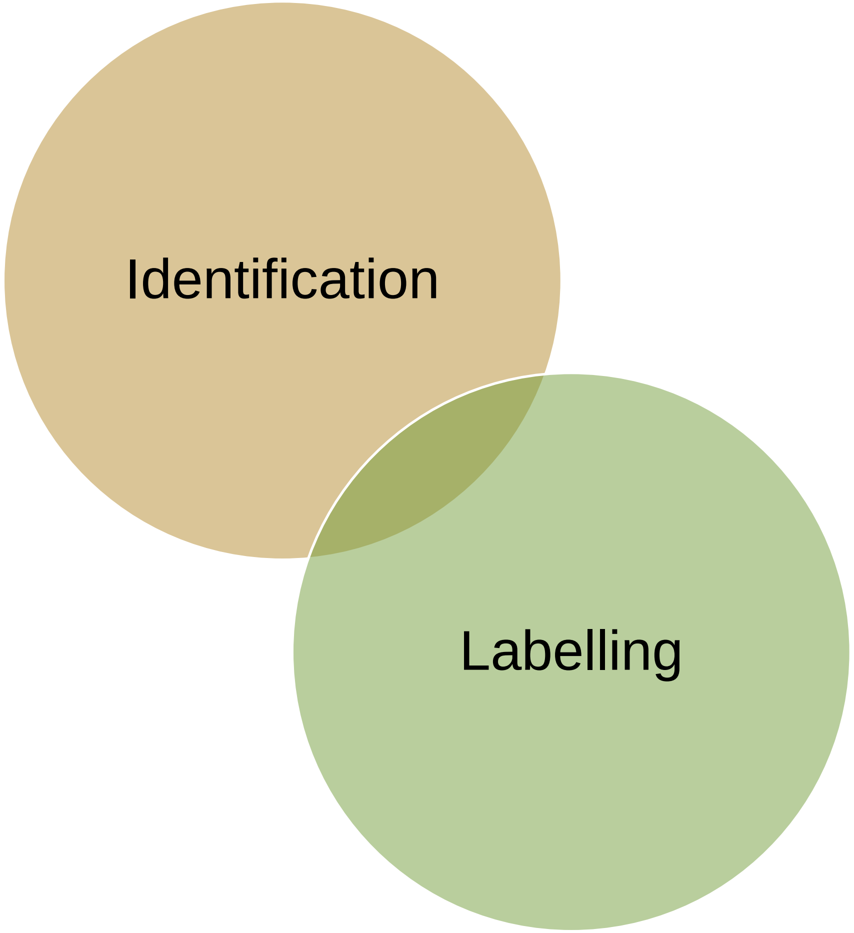
Operating netback

Net debt

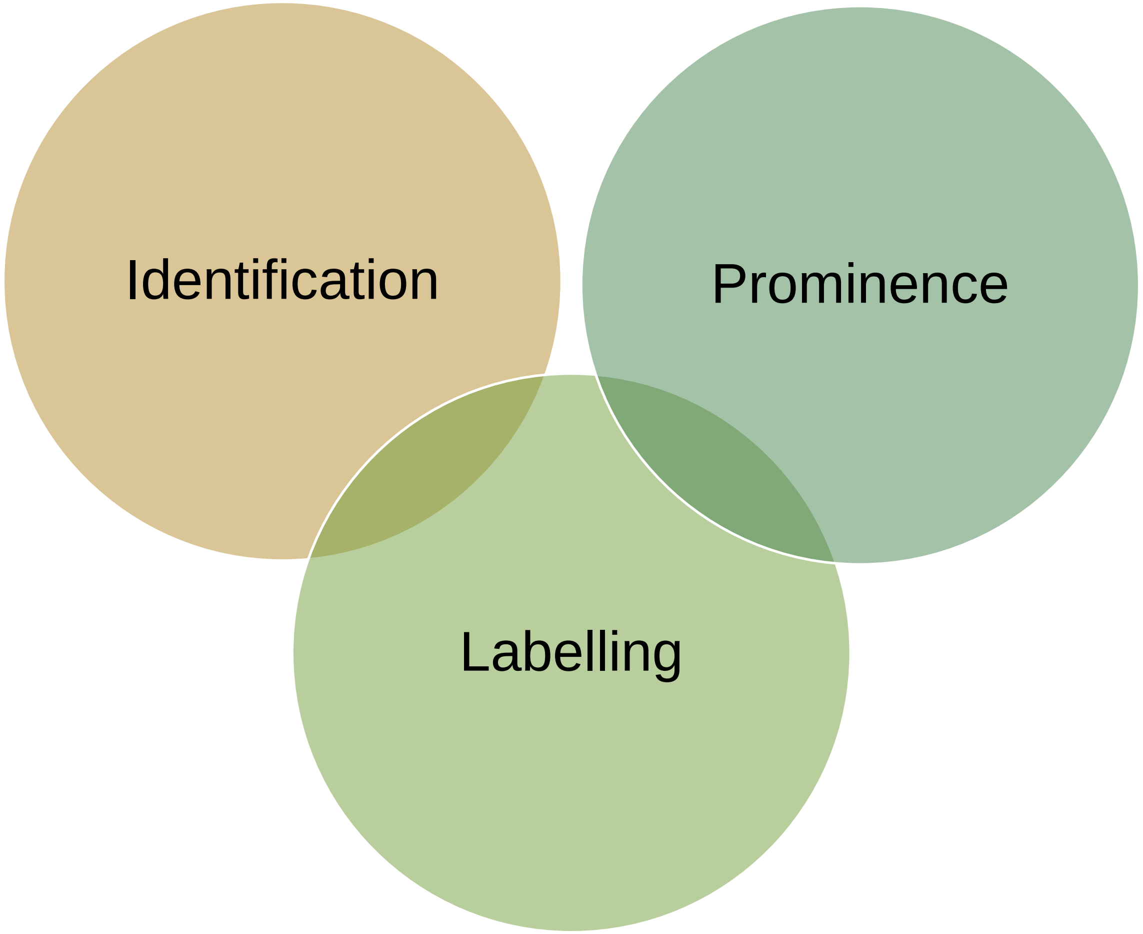
Non-GAAP financial measures disclosure requirements

Identification

Non-GAAP financial measures disclosure requirements



Non-GAAP financial measures disclosure requirements



Disclosure example - prominence

Example that did not meet our expectations

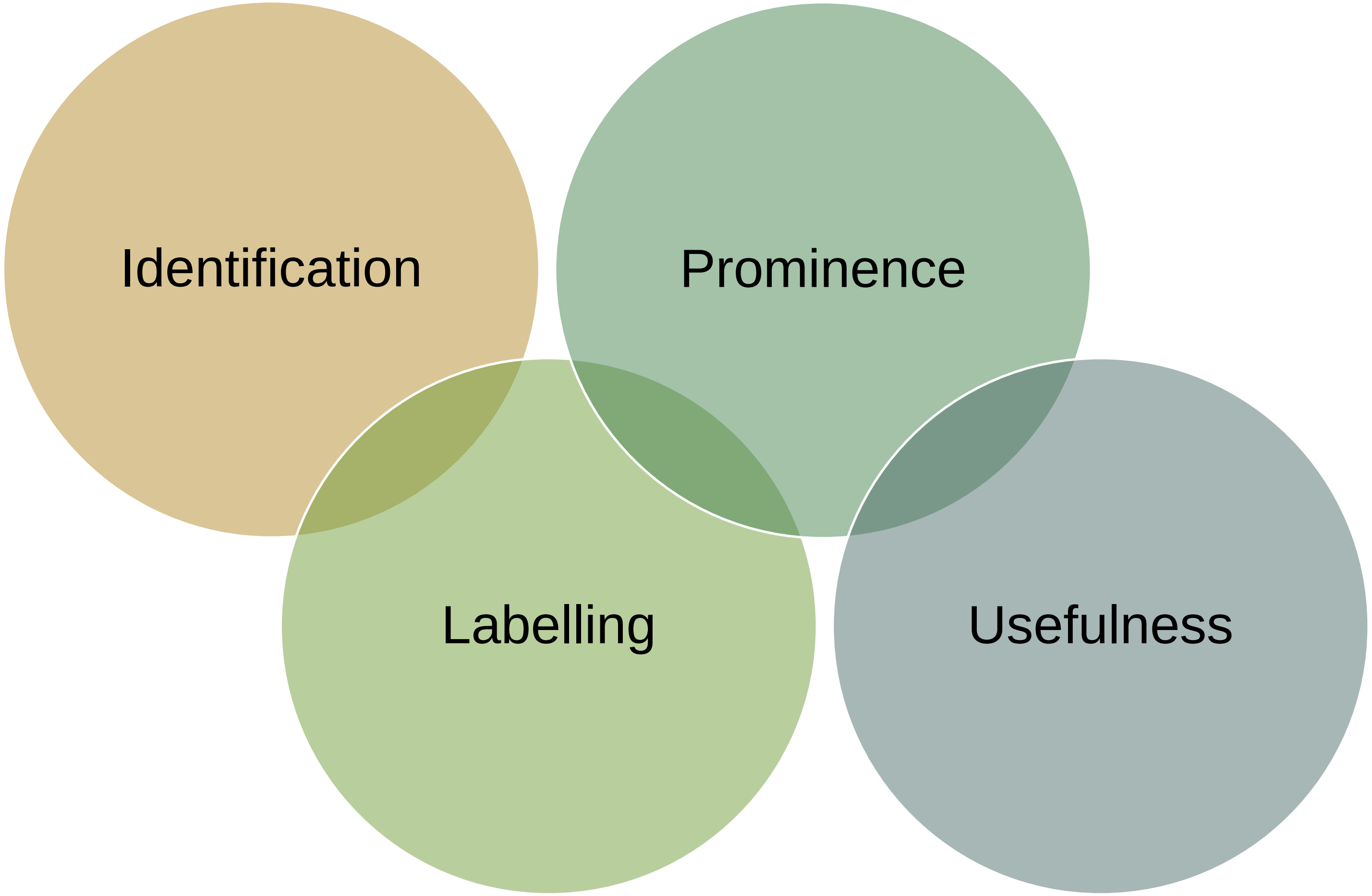
Financial Highlights	December 31, 202X
Petroleum and natural gas sales	1,000
Adjusted funds flow[1]	**550**
Per share – basic[1]	0.5
Cash flow from operating activities	400
Operating income[1]	220
Per share – basic[1]	0.2
Net loss	(80)
Net debt[1]	1,280

Example that met our expectations

Financial Highlights	December 31, 202X
Petroleum and natural gas sales	1,000
Cash flow from operating activities	400
Per share - basic	0.4
Adjusted funds flow[1]	550
Net loss	(80)
Per share - basic	(0.08)
Operating income[1]	220
Total debt	1,400

(1) Non-GAAP financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to the section entitled “Non-GAAP Financial Measures” contained within this MD&A.

Non-GAAP financial measures disclosure requirements

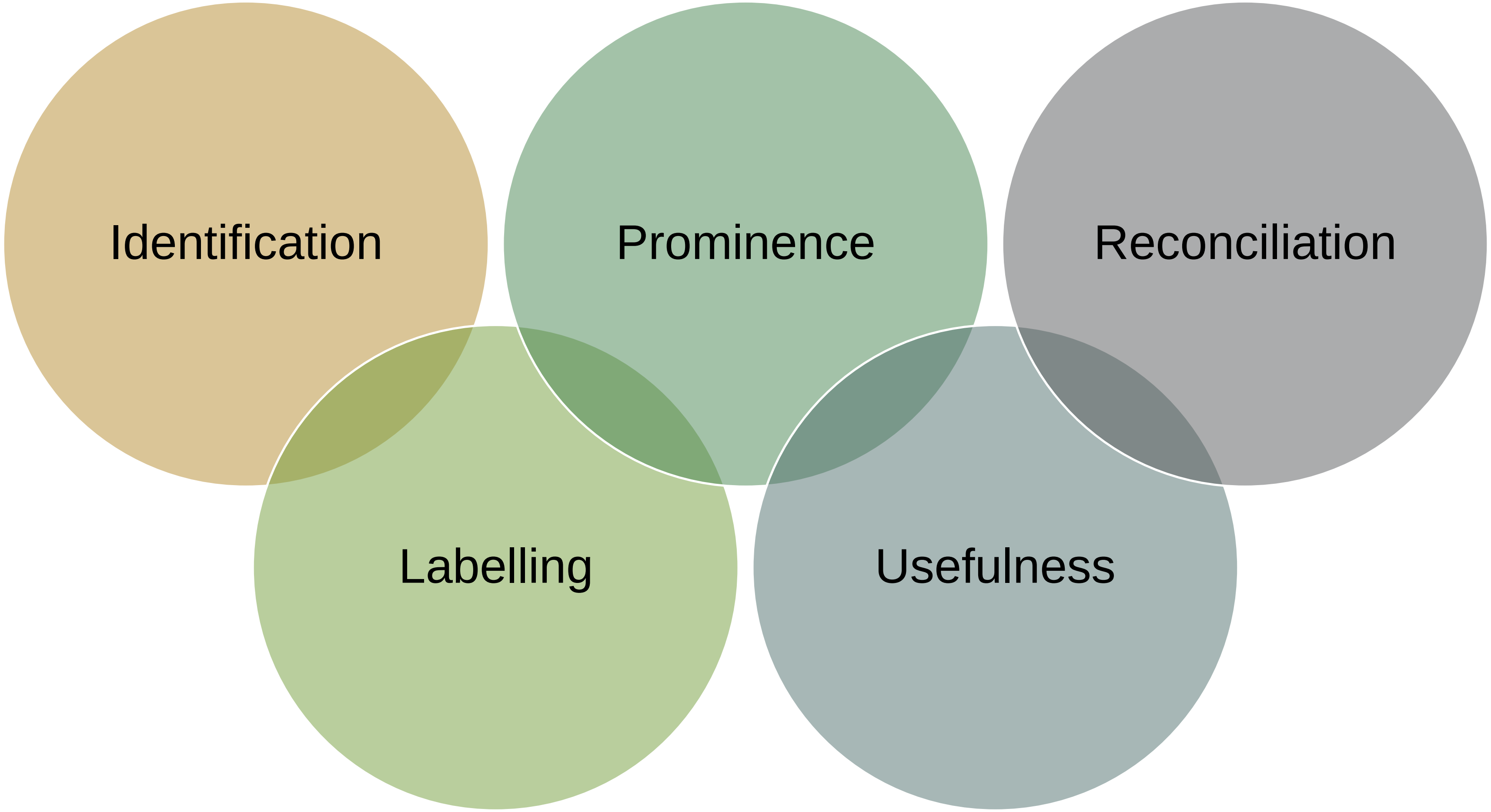


Disclosure example - usefulness

Example that did not meet our expectations

This MD&A uses the term “netback(s)”. The Company uses netbacks to help evaluate its performance; leverage; liquidity; comparisons with peers; as well as to assess potential acquisitions and divestitures. Management considers netbacks as a key performance measure as it demonstrates the Company’s profitability relative to current commodity prices. They are also used by Management in operational and capital allocation decision. Netbacks are comprised of three main operating subtotals: operating, funds flow and net income (loss).

Non-GAAP financial measures disclosure requirements



Disclosure example - reconciliation

Excerpt from 2020 Corporate Report

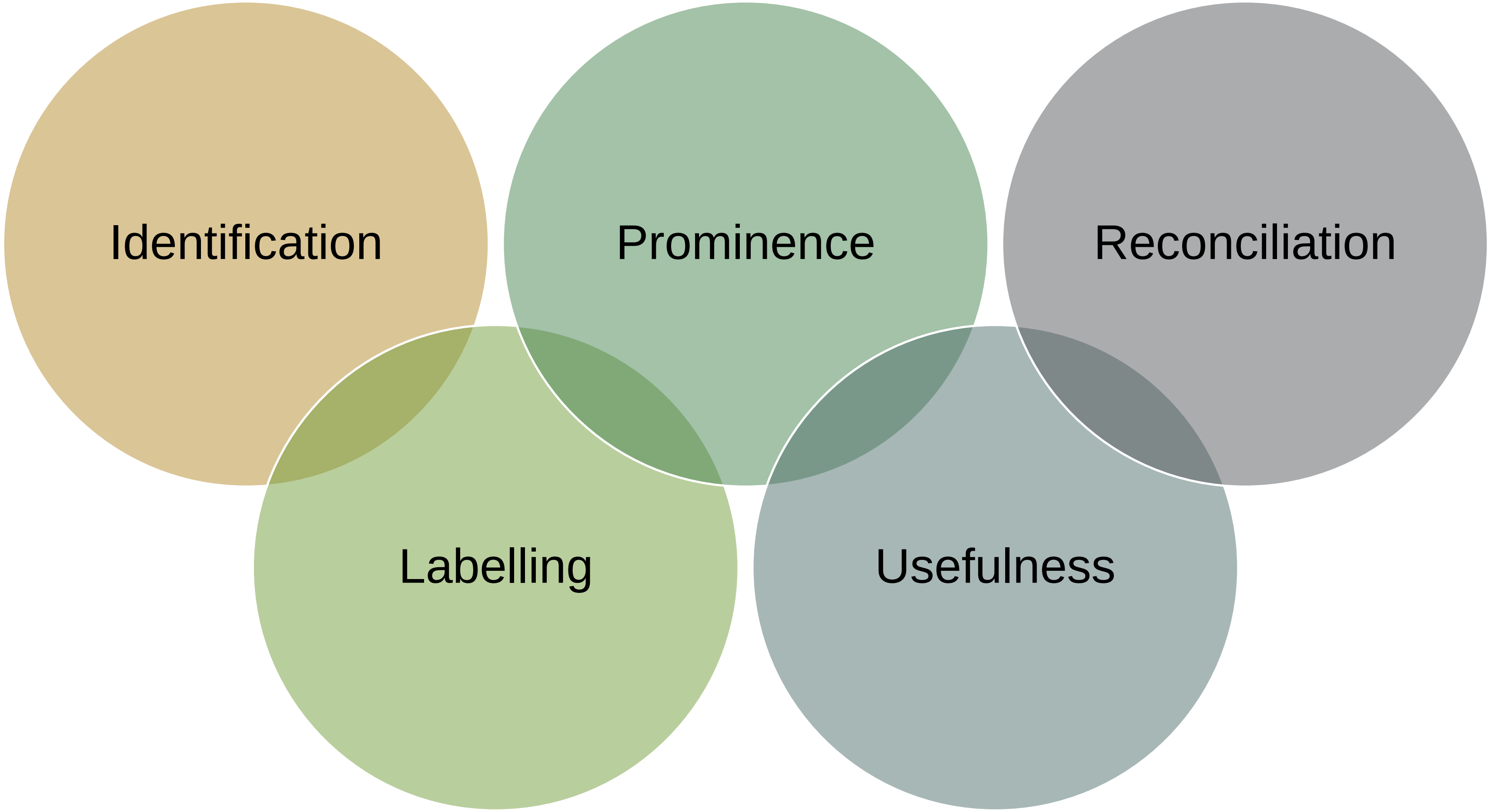
Adjusted EBITDA

Management believes this is a useful measure in evaluating our ongoing operating performance. The following table provides a reconciliation of net income (loss), as disclosed in the statements of net income (loss) and comprehensive income (loss), to adjusted EBITDA:

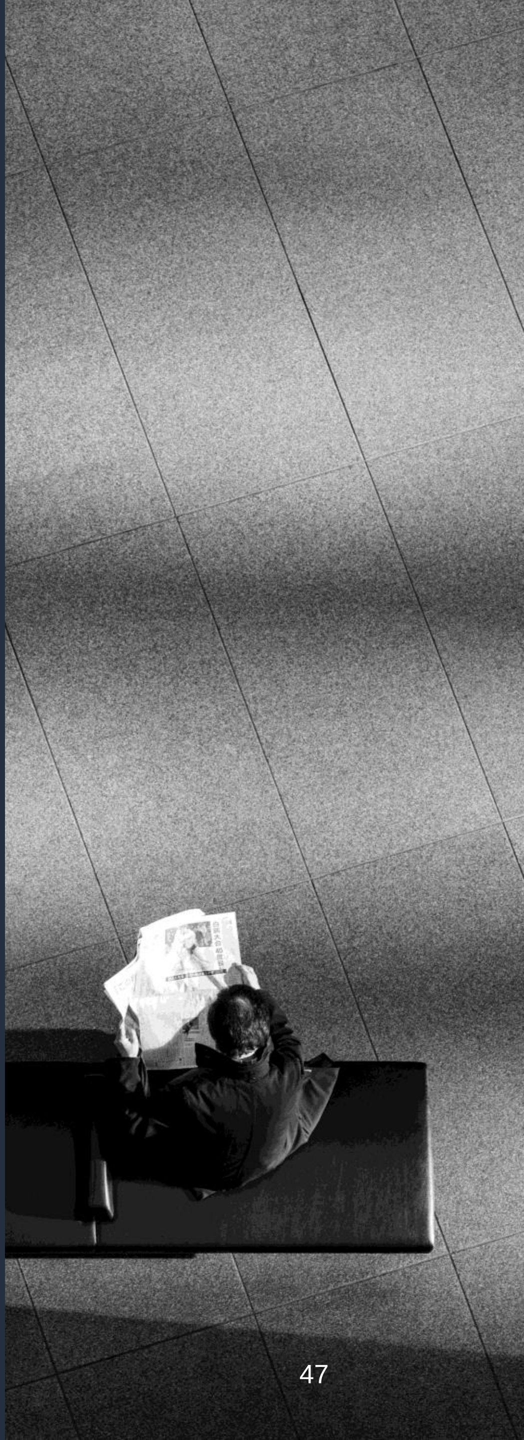
	Year ended	
	September 30, 2020	September 30, 2019
Net Income (Loss)	(23,231)	4,827
Income tax expense (recovery)	(2,275)	(3,077)
Income (Loss) before income taxes	(25,506)	1,750
Finance costs	7,820	8,120
Depletion and depreciation	33,265	38,651
Health and safety costs[1]	500	-
Adjusted EBITDA	16,079	48,521

(1) As a result of public health directives, we implemented safety measures to ensure the safety of our employees. These costs include the cost of reconfiguring certain workspaces in the head office, including the installation of physical barriers where safe physical distancing cannot be observed as well as additional IT hardware costs to accommodate our employees that are working from home. We also incurred additional costs related to personal protective equipment for employees working on site as well as additional cleaning supplies for more frequent cleanings of high touch surfaces ($0.1 million), these costs have not been included in the above figure as they are expected to recur until physical distancing measures are no longer recommended.

Non-GAAP financial measures disclosure requirements



Impairment of assets



IAS 36 *Impairment of Assets* disclosure requirements

General disclosure requirements

- Amount of the impairment loss recognized, by reportable segment
- The line item in the statement of comprehensive income in which the loss is included
- Events and circumstances that led to the impairment loss
- The nature of the asset or description of the cash-generating unit (CGU)
- If the aggregation of assets for identifying the CGU has changed since the previous test, a description of the change and reason for the change
- Recoverable amount of the asset

IAS 36 *Impairment of Assets* disclosure requirements

Valuation disclosure requirements

- Measurement method: fair value less costs of disposal or value in use
- Discount rate used in both current and previous measurement
- If measured using fair value less costs of disposal:
  - Level of the fair-value hierarchy
  - Valuation technique, including a discussion of any changes in the technique and the reason for making the change
  - Key assumptions (i.e. those which the recoverable amount are most sensitive to)

IAS 1: judgements and estimates disclosure

- Judgements made in the preparation of the financial statements
- Estimates: assumptions made about the future and other major sources of estimation uncertainty
  - Nature of the assumption or estimation uncertainty
  - The assets and/or liabilities impacted, including their carrying value
  - Sensitivity of the carrying value to changes in methods, assumptions and estimates
  - Expected resolution of the uncertainty, and the range of reasonably possible outcomes within the next financial year
  - Explanation of any changes made to past assumptions

IAS 1 disclosure example

As at December 31, 202X the Company performed an impairment analysis on each of its CGUs (contract drilling rigs, well servicing rigs and oilfield rental equipment) as the Company identified impairment indicators related to:

- the prolonged commodity price downturn and
- the Company's market capitalization being less than the carrying amount of its net assets

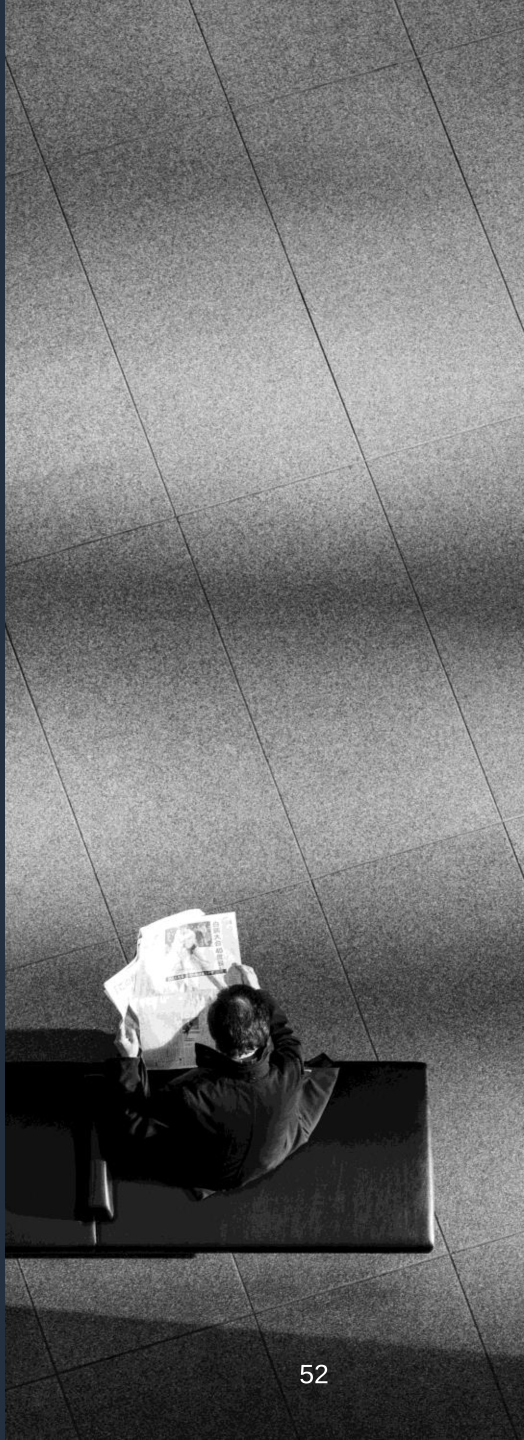
The recoverable amounts of each CGU was measured using the fair value less costs of disposal method using a cash flow projection based on historical results, recent industry conditions and the Company's most recent forecast.

Key assumptions made for well servicing rigs CGU:

- Cash flow projections for 202X to 202X are expected to decrease by 5% compared to historical levels, cash flow projections thereafter are calculated using an inflationary growth rate.
- Utilization of well-servicing rigs is expected to range from approximately 35% to 45% per year.
- After tax discount rate or 12.0% per annum (13.5% in prior year)

The results of the tests indicated no impairment of property and equipment at December 31, 202X.

Reporting of climate-change related risks



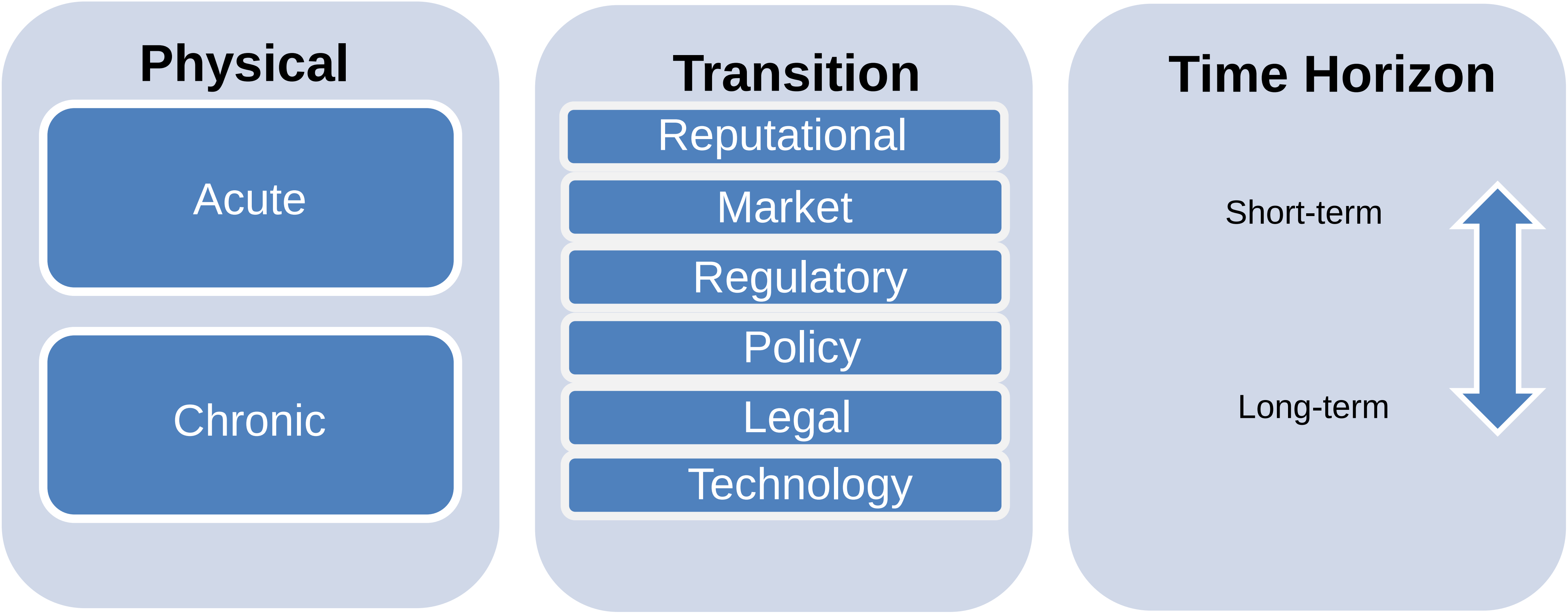
Why is climate-change related risk disclosure important?

- Investors are seeking improved disclosure on the material risks, opportunities, financial impact and governance processes reporting issuers face
- Provides an opportunity to inform investors about the sustainability of the issuer’s business model
- Provides insight into how the issuer is mitigating and adapting to these risks

Tips for good climate-change risk related disclosure:

- Implement a process to identify material climate-change related risks
  - Consider risks over the short, medium and long-term
  - Consider both physical and transition risks
- Avoid vague or boilerplate language
- Disclose how the issuer’s business is specifically affected
- Where practicable, quantify and disclose the impact of the risk (financial and other), including magnitude and timing

Climate change-related risks



CSA Staff Notice 51-358 *Reporting of Climate Change-related Risks*

Deficient disclosure example

Climate change may introduce new physical risks to the Company’s business. Physical risks associated with climate change may include catastrophic events such as earthquakes, storms, fires, extreme cold weather, lightning, explosions or severe changes to seasonal weather patterns, any of which may impact the Company’s operations.

Good disclosure example

Risk	Changes in Temperature Extremes Category: Physical/Long Term
Description of impact	• A decrease in temperature extremes experienced in the winter months (i.e. lower seasonal lows) could increase the amount of fuel gas used by a variety of equipment essential for safe production. Additional equipment could also be required (e.g. building heaters, line heaters) to ensure safe and efficient operation, thus increasing our carbon footprint and costs.
Potential financial impact	• The financial implications on an annual basis are difficult to quantify; however, based on the Company's experience, the most significant financial implications would result from shutdowns in drilling or completions locations. • The estimated cost of this would be $0.45M per day of delay.
Management context	• As extreme weather cannot be controlled, the Company is focused on protecting the health and safety of our workers, contractors and the public, and to protect the environment from adverse effect. • As an example of how we have reduced the potential impact related to access in remote assets, we use multi-well pads wherever possible, with multiple horizontal wells drilled from a single location. This reduces the aerial impact of these activities on the environment, habitat fragmentation and carbon emissions associated with lease construction and equipment mobilization/demobilization.

*excerpt from an Issuer's disclosure

Voluntary Disclosure

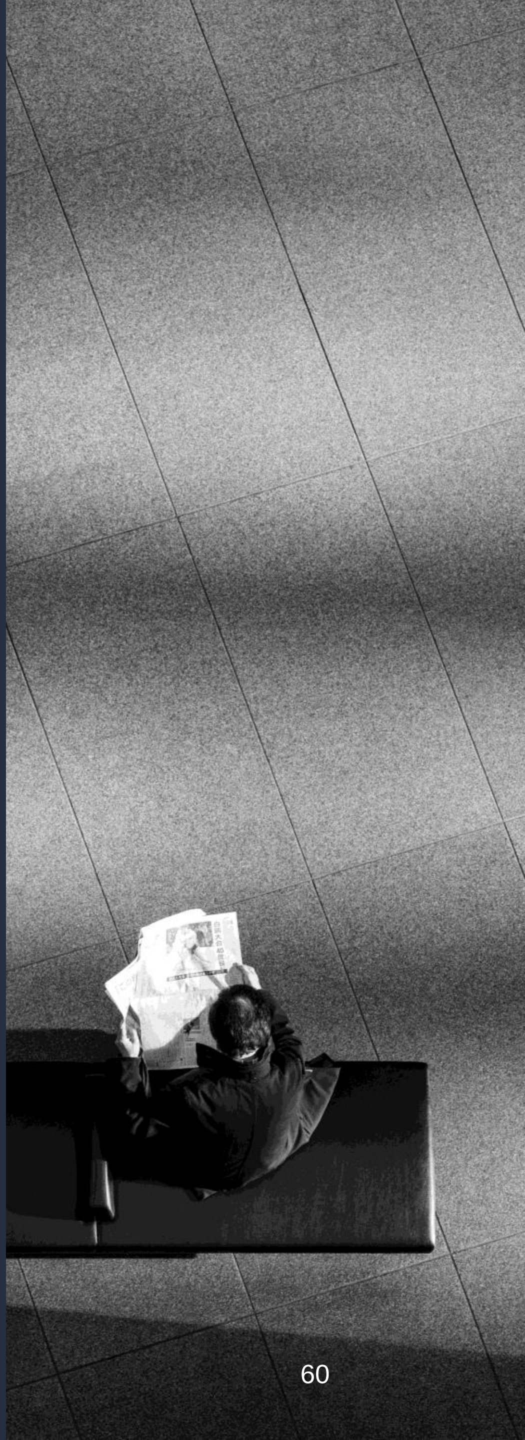
Examples: issuers' websites, sustainability reports and other voluntary reports/presentations, public surveys, etc.

- Prepare with the same rigour as required filings
- Ensure consistency with information included in continuous disclosure filings, when material
- Consider if the disclosure is forward-looking in nature
- Ensure the voluntary disclosure does not obscure material information
- Implement a robust process for reviewing voluntary disclosure to ensure information is reliable and accurate

Relevant Guidance

- CSA Staff Notice 51-333 *Environmental Reporting Guidance*
- CSA Staff Notice 51-354 *Report on Climate Change-Related Disclosure Project*
- CSA Staff Notice 51-358 *Reporting of Climate Change-related Risks*

Regulatory update



Business acquisition report requirements

Amendments to NI 51-102 related to the business acquisition report (BAR) requirements

- Introduced to reduce the regulatory burden imposed by the previous BAR requirements
- The amendments:
  - alter the determination of significance for RIs that are not venture issuers such that an acquisition of a business or related businesses is a significant acquisition only if at least two of the existing significance tests are triggered; and
  - increase the threshold of the significance tests for RIs that are not venture issuers from 20% to 30%.
- Effective date: November 18, 2020

At-the-market distributions

Amendments to NI 44-102 related to at-the-market distributions

- Introduced to reduce regulatory burden for issuers, exchanges and investment dealers
- The amendments:
  - streamline at-the-market (ATM) distributions in Canada
  - provide issuers with a faster more cost-effective way to raise capital
  - codify the terms of relief that that had historically been required by issuers conducting ATM distributions of equity securities.
- Effective date: August 31, 2020.

Recent guidance published

CSA Multilateral Staff Notice 51- 361 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2020 and March 31, 2019*
CSA Staff Notice 43-311 *Review of Mineral Resource Estimates in Technical Reports*
CSA Staff Presentation[1] *COVID-19: Continuous Disclosure Obligations and Considerations for Issuers*
Corporate Finance Disclosure Report
Oil & Gas Review Report
Alberta Capital Markets Report

[1] Found on the CSA COVID-19 hub at https://www.securities-administrators.ca/aboutcsa.aspx?id=1885

Ongoing projects

- Reducing regulatory burden
  - Alternative offering systems
  - Primary business requirements
  - Streamlining continuous disclosure requirements
  - Access equals delivery model
- Non-GAAP and other financial measures disclosure
- National Systems Renewal Program: SEDAR+

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Alberta Securities Commission