Cuda Oil and Gas Inc.

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2019 and 2018

(Unaudited)

The unaudited interim condensed consolidated financial statements of Cuda Oil and Gas Inc. for the three and six months ended June 30, 2019 and 2018 were not subject to a review by the Company's auditor.

Cuda Oil and Gas Inc.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited)
(in Canadian dollars)

	June 30, 2019	December 31, 2018
	$	$
ASSETS		
Current		
Cash	**2,441,556**	1,530,926
Restricted deposits	**-**	595,000
Accounts receivable (Note 17)	**1,097,846**	1,626,035
Guarantee deposits	**-**	303,000
Tax credits receivable	**114,498**	114,498
Inventory	**103,983**	108,393
Prepaid expenses and deposits	**257,368**	281,538
Assets held for sale (Note 7)	**17,042,205**	-
	21,057,456	4,559,390
Non-current		
Restricted cash and deposits (Note 7)	**-**	7,484,173
Exploration and evaluation assets (Note 8)	**7,880,032**	34,879,232
Property and equipment (Note 9)	**66,432,037**	67,804,043
	95,369,525	114,726,838
LIABILITIES		
Current		
Credit facilities (Note 10)	**35,951,098**	33,886,089
Accounts payable and accrued liabilities	**9,449,391**	3,889,471
Obligation for purchase of shares (Notes 6 and 7)	**-**	3,116,750
Due to partner	**90,000**	90,000
Lease obligations (Note 11)	**204,203**	-
Decommissioning liability (Note 12)	**24,000**	186,212
Liabilities associated with assets held for sale (Note 7)	**13,127,202**	-
	58,845,894	41,168,522
Non-current		
Obligation for exploration work (Note 7)	**-**	7,484,173
Lease obligations (Note 11)	**201,254**	-
Convertible debentures (Note 13)	**1,457,597**	1,439,763
Decommissioning liability (Note 12)	**1,958,750**	4,272,110
	62,463,495	54,364,568
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	**74,003,306**	73,957,687
Warrants (Note 14)	**4,239,835**	3,956,098
Contributed surplus (Note 14)	**2,752,195**	1,674,541
Accumulated other comprehensive income (loss)	**(80,171)**	712,635
Deficit	**(48,009,135)**	(19,938,691)
	32,906,030	60,362,270
Going Concern (Note 2)		
Commitments (Note 15)		
Subsequent events (Notes 7 and 23)		
	95,369,525	114,726,838

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Cuda Oil and Gas Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

Three and six months ended June 30, 2019 and 2018
(Unaudited)
(in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
REVENUE				
Petroleum and natural gas sales (Note 18)	**2,101,657**	748,261	**5,387,248**	2,398,817
Royalties	**(411,813)**	(137,476)	**(1,014,859)**	(421,783)
Production taxes	**(194,076)**	-	**(393,282)**	-
Net revenue from petroleum and natural gas sales	**1,495,768**	610,785	**3,979,107**	1,977,034
Other sales	**10,691**	-	**30,202**	-
	1,506,459	610,785	**4,009,309**	1,977,034
EXPENSES AND OTHER ITEMS				
Operating and transportation	**779,825**	320,437	**1,979,158**	912,464
Exploration and evaluation expense	**-**	35,064	**-**	35,064
General and administrative	**1,361,158**	1,269,422	**2,126,933**	1,623,533
Share-based compensation (Note 14)	**373,012**	167,590	**756,365**	232,188
Depletion and depreciation (Note 9)	**590,763**	214,430	**1,551,236**	678,918
Accretion of decommissioning liability (Note 12)	**20,782**	2,401	**47,216**	4,829
Finance costs (Note 19)	**2,228,796**	20,137	**3,733,693**	20,137
Foreign exchange loss (Note 20)	**850,895**	-	**1,723,158**	-
Impairment of assets held for sale (Note 7)	**20,211,185**	-	**20,211,185**	-
Gain on disposal of property and equipment	**(49,191)**	-	**(49,191)**	-
	26,367,225	2,029,481	**32,079,753**	3,507,133
NET LOSS	**(24,860,766)**	(1,418,696)	**(28,070,444)**	(1,530,099)
Other comprehensive loss	**(407,523)**	-	**(792,806)**	-
NET LOSS AND COMPREHENSIVE LOSS	**(25,268,289)**	(1,418,696)	**(28,863,250)**	(1,530,099)
Basic and diluted net loss per share	**(1.13)**	(0.19)	**(1.28)**	(0.21)
Weighted average number of common shares outstanding (Note 14)	**21,963,396**	7,349,999	**21,952,463**	7,300,270

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Cuda Oil and Gas Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Six months ended June 30, 2019 and 2018
(Unaudited)
(in Canadian dollars)

	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
	$	$	$	$	$	$
Balance at December 31, 2018	73,957,687	3,956,098	1,674,541	712,635	(19,938,691)	60,362,270
Issued in exchange for interest on debentures	45,619	-	-	-	-	45,619
Share-based compensation	-	283,737	1,077,654	-	-	1,361,391
Net loss	-	-	-	-	(28,070,444)	(28,070,444)
Other comprehensive loss	-	-	-	(792,806)	-	(792,806)
Balance at June 30, 2019	74,003,306	4,239,835	2,752,195	(80,171)	(48,009,135)	32,906,030
Balance at December 31, 2017	19,178,187	816,431	2,145,051	-	(10,503,517)	11,636,152
Exercise of warrants	3,082,489	(744,270)	(525,219)	-	-	1,813,000
Share-based compensation	-	-	293,203	-	-	293,203
Net loss and comprehensive loss	-	-	-	-	(1,530,099)	(1,530,099)
Balance at June 30, 2018	22,260,676	72,161	1,913,035	-	(12,033,616)	12,212,256

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Cuda Oil and Gas Inc.
Interim Condensed Consolidated Statements of Cash Flows
Three and six months ended June 30, 2019 and 2018
(Unaudited)
(in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss for the period	**(24,860,766)**	(1,418,696)	**(28,070,444)**	(1,530,099)
Non-cash items				
Depletion and depreciation	**590,763**	214,430	**1,551,236**	678,918
Exploration and evaluation expense	**-**	35,064	**-**	35,064
Share-based compensation	**373,012**	167,590	**756,365**	232,188
Accretion of credit facilities and convertible debentures	**1,262,810**	-	**1,831,745**	-
Accretion of decommissioning liability	**20,782**	2,401	**47,216**	4,829
Foreign exchange loss	**856,475**	-	**1,747,477**	-
Impairment of assets held for sale	**20,211,185**	-	**20,211,185**	-
Gain on disposal of property and equipment	**(49,191)**	-	**(49,191)**	-
Net change in working capital items (Note 22)	**1,967,049**	410,875	**2,547,096**	(141,574)
Cash flows from (used in) operating activities	**372,119**	(588,336)	**572,685**	(720,674)
INVESTING ACTIVITIES				
Property and equipment expenditures	**(872,099)**	(23,638)	**(3,952,110)**	(71,997)
Proceeds on disposal of property and equipment	**49,191**	-	**49,191**	-
Exploration and evaluation asset expenditures	**(297,918)**	(162,056)	**(731,047)**	(598,864)
Reduction of restricted cash and deposits	**77,175**	-	**769,281**	-
Reduction of obligation for exploration work	**(77,175)**	-	**(174,281)**	-
Refund of guarantee deposits	**-**	-	**303,000**	-
Net change in working capital items (Note 22)	**(432,661)**	93,484	**1,071,911**	86,028
Cash flows from (used in) investing activities	**(1,553,487)**	(92,210)	**(2,664,055)**	(584,833)
FINANCING ACTIVITIES				
Proceeds from exercise of warrants	**-**	1,813,000	**-**	1,813,000
Proceeds from credit facilities	**3,500,000**	-	**3,500,000**	-
Credit facilities refinancing costs	**(2,965,165)**	-	**(2,965,165)**	-
Payments on lease obligations	**(63,691)**	-	**(125,740)**	-
Net change in working capital items (Note 22)	**2,661,562**	-	**2,637,711**	(4,525)
Cash flows used in financing activities	**3,132,706**	1,813,000	**3,046,806**	1,808,475
Effect of foreign currency translation on cash	**(31,252)**	-	**(44,806)**	-
NET CHANGE IN CASH	**1,920,086**	1,132,454	**910,630**	502,968
Cash, beginning of period	**521,470**	2,840,749	**1,530,926**	3,470,235
Cash, end of period	**2,441,556**	3,973,203	**2,441,556**	3,973,203
Cash interest paid	**934,574**	-	**1,899,758**	-

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

1. NATURE OF BUSINESS

Cuda Oil and Gas Inc. ("**COGI**" or the "**Company**") is a company incorporated under the *Business Corporations Act* (Quebec). The main activity of COGI is oil and natural gas exploration, development and production in Alberta and Quebec in Canada and in the State of Wyoming in the United States. Subsequent to June 30, 2019, the Company entered into a series of binding Asset Purchase Agreements to sell all of its oil and gas assets and related decommissioning liabilities in Quebec (Note 7). COGI's principal place of business is located at 2110, 440 2 Avenue SW, Calgary, Canada T2P 5E9. COGI's common shares are listed under the symbol "CUDA" on the TSX Venture Exchange ("**TSXV**").

2. GOING CONCERN

These interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

For the three and six months ended June 30, 2019, the Company reported net losses of $24,860,766 and $28,070,444, respectively, and generated cash flows from operating activities of $372,119 and $572,685, respectively. Further, as at June 30, 2019, the Company has a deficit of $48,009,135 and a working capital deficiency of $37,788,438, which includes credit facilities in the amount of $38,500,000 payable on demand, of which $3,500,000 matures on December 31, 2019 and $35,000,000 matures on June 27, 2020 (Note 10), and $3,116,750 related to an obligation to purchase shares from a dissenting shareholder (Note 6). These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to generate future profitable operations and to obtain new financing or renegotiate existing financing to meet its obligations and repay its liabilities in the normal course of business when they become due, and to generate sufficient funds to continue its capital program. Capital commitments in Wyoming, U.S. for the balance of 2019 include estimated costs totaling approximately $5,598,000 to complete a gas gathering and processing facility, gas injection and electrical powerline facilities, and the source gas pipeline. Otherwise, all future capital expenditures are considered discretionary.

On June 26, 2019, the Company amended its $35 million credit facility with an institutional lender to extend the maturity of the facility to June 27, 2020 and a new $8 million credit facility was made available to the Company by the lender (Note 10). Subsequent to June 30, 2019, the Company entered into a series of binding Asset Purchase Agreements to sell all of its oil and gas assets and related decommissioning liabilities in Quebec for net proceeds of $3,915,003, and the purchasers will also cause the Company to be released and discharged, at closing, from a claim associated with the obligation to purchase shares from a dissenting shareholder in the amount of $3,116,750 (Note 7). On July 30, 2019, the Company issued 14,282,000 Units for gross proceeds of $7,141,000; net proceeds of $6,643,000 after estimated share issuance costs of $498,000 (Note 23(a)).

Further rationalization of assets and/or funding through share issuances, private placements, restructuring of existing or new credit facilities, non-core property sales, increased production from core properties combined with improvements in realized oil and gas prices received and/or a combination of these alternatives will be required to continue as a going concern. There is no assurance the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. There is no certainty that these and/or other strategies will be sufficient to enable the Company to continue as a going concern. These interim condensed consolidated financial statements do not reflect the adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue its operations. Such adjustments could be material.

3. BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE AND APPROVAL

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not include all of the information required in annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and should be read in conjunction with COGI's audited consolidated financial statements for the year ended December 31, 2018.

Except as outlined in Note 5, these interim condensed consolidated financial statements were prepared using the same accounting policies as described in Note 5 of COGI's audited consolidated financial statements for the year ended December 31, 2018.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on August 29, 2019.

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

These interim condensed consolidated financial statements were prepared using the same judgments, estimates and assumptions as described in Note 4 of COGI's audited consolidated financial statements for the year ended December 31, 2018.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Effective January 1, 2019, the Company has applied IFRS 16 using the modified retrospective approach. The modified retrospective approach does not require restatement of comparative financial information as the cumulative effect of initially applying IFRS 16 is recognized on transition as an adjustment to opening deficit, and therefore IFRS 16 has been applied prospectively. Comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of the changes is disclosed in Note 11.

On initial adoption of IFRS 16, the Company elected to apply the practical expedient to retain the assessment of which transactions are leases. IFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the requirements in IFRS 16 regarding the identification of a lease were applied only to contracts entered into, or modified, after January 1, 2019.

IFRS 16 - *Leases*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease obligation.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

The lease obligation is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company presents right-of-use assets in property and equipment and lease obligations in the Interim Condensed Consolidated Statement of Financial Position.

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of assets, liabilities, income, and expenses. Actual results could differ significantly from these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- the incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease obligations, and the resulting interest and depletion and depreciation expense, may differ due to changes in the market conditions and lease term.
- lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.
- assessing whether right-of-use assets are impaired.

Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease obligations for short term leases that have a term of twelve months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense when incurred, over the lease term.

6. BUSINESS COMBINATION

On June 8, 2018, Junex Inc. ("**Junex**") entered into an arrangement agreement with Cuda Energy Inc. ("**CEI**") providing for Junex's acquisition of CEI by way of plan of arrangement under the *Business Corporations Act (Quebec)* (the "**Arrangement**"). On August 14, 2018, the Arrangement was completed and Junex acquired all of the issued and outstanding Class "A" common shares of CEI. Pursuant to the Arrangement, Junex consolidated its outstanding share capital on a 10 to 1 basis and changed its name to Cuda Oil and Gas Inc. Each CEI shareholder received 0.35856 common shares and 0.04167 of an arrangement warrant of COGI for each CEI share held resulting in the issuance of 8,603,911 Junex common shares and 999,907 arrangement warrants to CEI shareholders, after giving effect to the 10 to 1 share consolidation.

For this business combination, CEI has been identified as the acquirer for accounting purposes based upon consideration of voting rights of all equity instruments, and senior management and the Board of Directors of CEI became the majority of senior management and the Board of Directors of the combined company. This constitutes a reverse acquisition of Junex by CEI, and has been accounted for as a business combination under IFRS using the acquisition method. The share consideration is 7,985,270 COGI common shares which represents the Junex common shares issued and outstanding immediately prior to the completion of the Arrangement. Shareholders of Junex continued to hold their common shares held prior to completion of the Arrangement without any action on their part.

The fair value at August 14, 2018 of the total consideration transferred, and the assets and liabilities acquired is outlined in the table below. The fair value determinations were based upon recent comparable transactions in the market involving similar assets and/or estimates of expected future cash flows, as appropriate for specific assets, and these determinations required significant management judgement.

Consideration ($)	
Share consideration	34,735,924
Share based compensation	2,532,470
Total consideration	**37,268,394**
Recognized amounts of assets acquired and liabilities assumed ($)	
Cash and deposits	8,181,787
Cash held in trust for Asset Acquisition	6,658,400
Restricted cash and deposits held for exploration work	7,609,217
Exploration and evaluation assets	27,799,112
Property and equipment	2,109,960
Restricted deposits	597,102
Guarantee deposits	303,000
Working capital deficiency, excluding all cash	(1,395,554)
Obligation for purchase of shares	(3,116,750)
Obligation for exploration work	(7,609,217)
Convertible debentures	(2,607,078)
Due to partner	(90,000)
Decommissioning liability	(1,171,585)
	37,268,394

A shareholder of Junex who owned 875,000 shares of Junex, after giving effect to the 10 to 1 share consolidation, exercised rights of dissent available under the Quebec Business Corporations Act ("**QBCA**") in respect of the Arrangement. Pursuant to the Arrangement, the 875,000 common shares were deemed to be transferred to the Company and cancelled on closing of the Arrangement and are not reflected in the share consideration for the transaction. On December 27, 2018, the dissenting shareholder filed a statement of claim in the amount of $3,116,750, with costs, against the Company. Subsequent to June 30, 2019, the Company and the dissenting shareholder entered into an agreement to settle this claim (Note 7).

7. ASSETS HELD FOR SALE

($)		Total
Assets held for sale		
Restricted cash and deposits	$	7,309,892
Transfer from property and equipment - cost		2,109,960
Transfer from property and equipment – accumulated depletion and depreciation		(260,927)
Transfer from exploration and evaluation assets		28,094,465
Impairment		(20,211,185)
Balance	$	17,042,205
Liabilities associated with assets held for sale		
Obligation for exploration work	$	7,309,892
Transfer from decommissioning liabilities		2,700,560
Obligation for purchase of shares		3,116,750
Balance	$	13,127,202
Net assets held for sale	$	3,915,003

Subsequent to June 30, 2019, the Company entered into a series of binding Asset Purchase Agreements ("**APAs**") to sell all of its oil and gas assets and related decommissioning liabilities in Quebec for cash consideration of $4,290,003; net proceeds of $3,915,003 after estimated costs to sell of $375,000. The Company will dispose of all its land permits, licenses, production rights and interests in Quebec including the restricted cash and deposits and obligation for exploration work related to the Galt oil and gas project in the Gaspe Peninsula of Quebec, as well as all drilling and field equipment and other tangible assets. The purchasers will also cause the Company to be released and discharged, at closing, from a claim associated with the exercise of dissent rights in connection with the Arrangement (Note 6) in the amount of $3,116,750. The sale is anticipated to close on or about August 30, 2019.

$300,000 of the cash consideration will be held in escrow (the "**Escrow Amount**") and may be released to the Company after an assessment is performed regarding the costs to complete the closure and site restoration work for a specific suspended well (the "**Well Liabilities**"). If the Well Liabilities exceed a specified amount, then COGI will receive the Escrow Amount less the amount by which the actual cost of the Well Liabilities exceeds the specified amount. The Company assessed the probability that the Well Liabilities will exceed the specified amount and has not reduced the Escrow Amount.

Upon closing of the APAs, the proceeds of disposition, less the Escrow Amount, of $4.0 million will be used to partially re-pay the Credit Facilities (Notes 10 and 23(d)).

As at June 30, 2019, the sale was considered highly probable of occurring and the assets were available for immediate sale in their present condition. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell ("**FVLCS**"). As the FVLCS was lower than the carrying amount of the assets, an impairment was recognized for the three and six months ended June 30,

2019. The impairment has been applied to reduce the carrying amounts of property and equipment and exploration and evaluation assets within assets held for sale.

8. EXPLORATION AND EVALUATION ("E&E") ASSETS

The following table reconciles COGI's E&E assets:

($)	Total
Balance, December 31, 2018	34,879,232
Additions	1,052,336
Change in decommissioning cost	151,856
Transfer to assets held for sale (Note 7)	(28,094,465)
Foreign currency translation	(108,927)
Balance, June 30, 2019	7,880,032

E&E assets consist of the Company's exploration projects, which are pending the determination of proved or probable reserves. The Company capitalized cash and non-cash general and administrative and share based compensation costs directly attributable to E&E additions of $707,101 in the six months ended June 30, 2019 (June 30, 2018 – $297,317).

For the Company's E&E assets in Alberta and Wyoming, there were no indicators of impairment identified as at June 30, 2019. Accordingly, an impairment test was not required.

9. PROPERTY AND EQUIPMENT

The following table reconciles COGI's property and equipment:

Cost ($)	Developed and Producing Assets	Drilling and Field Equipment	Right-Of-Use and Administrative Assets	Total
Balance, December 31, 2018	68,881,318	2,073,558	130,135	71,085,011
Additions	3,952,110	-	-	3,952,110
Adoption of IFRS 16 (Notes 5 and 11)	-	-	531,212	531,212
Change in decommissioning cost	86,368	-	-	86,368
Transfer to assets held for sale (Note 7)	-	(2,073,558)	(36,402)	(2,109,960)
Foreign currency translation	(2,595,322)	-	-	(2,595,322)
Balance, June 30, 2019	70,324,474	-	624,945	70,949,419
Accumulated depletion and depreciation and impairment ($)				
Balance, December 31, 2018	(3,075,598)	(140,406)	(64,964)	(3,280,968)
Depletion and depreciation	(1,292,549)	(109,599)	(149,088)	(1,551,236)

Transfer to assets held for sale (Note 7)	-	250,005	10,922	260,927
Foreign currency translation	53,895	-	-	53,895
Balance, June 30, 2019	(4,314,252)	-	(203,130)	(4,517,382)
Carrying amounts ($)				
As at December 31, 2018	65,805,720	1,933,152	65,171	67,804,043
As at June 30, 2019	66,010,222	-	421,815	66,432,037

Included in property and equipment at June 30, 2019 are right-of-use assets related to Canadian office space with a cost of $531,212, accumulated depreciation of $135,713 and a carrying amount of $395,499. No amounts related to right-of-use assets are recorded in prior periods (Notes 5 and 11).

At June 30, 2019, estimated future development costs of $137,051,000 (December 31, 2018 - $141,003,000) associated with the development of the Company's proved and probable reserves were added to the Company's net book value in the depletion calculation. Developed and producing assets includes costs of facilities under construction that were not included in the depletion calculation in the amount of $5,290,800 (December 31, 2018 - $3,292,172).

10. CREDIT FACILITIES

On June 26, 2019, the Company amended its $35 million credit facility (the "**Facility**") with an institutional lender (the "**Lender**") to extend the maturity of the Facility to June 27, 2020. The Facility is non-revolving and payable on demand, and interest compounds monthly at a rate of 10.5% per annum which is payable monthly.

In addition, a new $8 million credit facility (the "**Additional Facility**") was made available to the Company by the Lender. The Additional Facility is non-revolving, and interest compounds monthly at a rate of 10.75% per annum which is payable monthly. The Additional Facility is payable on demand and will mature on December 31, 2019. As of June 30, 2019, $3.5 million has been drawn on the Additional Facility. Subsequent to June 30, 2019, the Company made another draw on the Additional Facility as described in Note 23(d).

The Facility and the Additional Facility are collectively the "**Credit Facilities**". The Company may re-pay the Credit Facilities in whole or in part and all accrued interest at any time prior with 90 days notice. The Credit Facilities are secured by a first priority floating charge over the consolidated assets of the Company. Covenants include reporting requirements, permitted encumbrances, other standard business operating covenants and the Company must maintain producing petroleum and natural gas reserves with respect to its U.S. assets in an amount of at least $50 million, as evidenced by an external reserve report to be prepared as of December 31, 2019; the Company is not subject to any financial covenants.

Refinancing costs for the Credit Facilities of $3,248,902 were recorded as a reduction against the liability, and include the cost of 1,500,000 share purchase warrants issued to the Lender with a fair value of $283,737. The terms and conditions of and determination of fair value for the share purchase warrants are described in Note 14. If the Facility is repaid in full after December 31, 2019, an additional fee of $350,000 will be payable to the Lender. The accretion charge on the Credit Facilities for the six months ended June 30, 2019 was $1,813,911 (June 30, 2018 – $Nil).

11. LEASE OBLIGATIONS

On transition to IFRS 16, the Company recognized $531,212 of right-of-use assets and lease obligations related to Canadian office space. Initial measurement of the office lease obligations was determined based on the remaining lease payments at January 1, 2019, and the Company discounted the lease payments using the incremental borrowing rate at January 1, 2019 of 10.5%.

The Company had the following future commitments associated with its lease obligations at June 30, 2019.

	June 30, 2019
Less than 1 year	234,816
1 – 3 years	201,648
3 – 5 years	25,191
After 5 years	-
Total lease payments	461,655
Amounts representing interest over the term of the lease	(56,198)
Present value of net lease payments	405,457
Current portion of lease obligations	204,203
Long-term portion of lease obligations	201,254

For the three and six months ended June 30, 2019, the Company recorded interest expense of $11,762 and $25,166, respectively, and lease payments of $75,453 and $150,906, respectively, related to its lease obligations.

12. DECOMMISSIONING LIABILITY

The Company's decommissioning liability results from ownership interests in petroleum and natural gas properties and equipment including well sites and facilities and management's estimates of costs to abandon and reclaim those well sites and facilities as well as an estimate of the future timing of these costs. COGI estimates the total undiscounted future cash flows required to settle its decommissioning obligations as at June 30, 2019 to be approximately $5,416,583 (December 31, 2018 - $5,415,457) with the costs anticipated to be incurred between 2019 and 2047. The net present value of the decommissioning liability was calculated using risk-free discount rates of 1.44 to 1.76 percent (December 31, 2018 – 1.90 to 2.15 percent) based on the timing to abandon and an inflation rate of 2.0 percent (December 31, 2018 – 2.0 percent). A reconciliation of the decommissioning liability is provided below:

	Amount ($)
Balance, December 31, 2018	4,458,322
Change in estimates	238,224
Accretion	47,216
Transfer to liabilities associated with assets held for sale (Note 7)	(2,700,560)
Foreign currency translation	(60,452)
Balance, June 30, 2019	**1,982,750**
Current portion of decommissioning liability	24,000
Long-term portion of decommissioning liability	1,958,750

13. CONVERTIBLE DEBENTURES

The series A and series B convertible debentures bear interest at a rate of 12% per annum which is payable semi-annually, are unsecured and are scheduled to mature on July 21, 2020. The Company may, at its option, pay up to 50% of the semi-annual interest payments by issuing common shares. The convertible debentures can be repaid at the Company's option at any time for an amount equal to the principal amount plus 10% and accrued and unpaid interest at the time of repayment with 30 days notice. In addition, the series B convertible debentures provide the Company with the option to convert the debentures into common shares of the Company at the conversion price of $11.70 if certain conditions are met.

The holder of the convertible debentures may, at its option and at any time, convert the debentures into common shares of the Company at the conversion price of $11.70.

	Amount ($)
Balance, December 31, 2018	1,439,763
Accretion charge on debentures	17,834
Balance, June 30, 2019	**1,457,597**

As of June 30, 2019, convertible debentures with a stated value of $1,500,000 are outstanding, comprised of series A with a stated value of $750,000 and series B with a stated value of $750,000.

14. SHARE CAPITAL

Authorized

Unlimited number of shares without par value

Common shares, voting and participating;

Class "B" shares, non-voting and non-participating, preferential non-cumulative dividend varying between 1% and 12%, redeemable at the paid-up capital amount;

Class "C" shares, non-voting and non-participating, preferential non-cumulative monthly dividend of 1% calculated on the redemption price, redeemable or retractable at the fair value of the consideration received upon issuance under certain conditions. The maximum redemption cannot exceed one third of the shares held, provided that the Company's working capital is greater than $1,000,000.

Issued and outstanding

	Number of Common Shares	**Amount ($)**
Balance, December 31, 2018	21,929,855	73,957,687
Issued in exchange for interest on debentures	33,541	45,619
Balance, June 30, 2019	21,963,396	74,003,306

The common shares do not have a par value and all issued shares are fully paid.

In March 2019, the Company issued 33,541 common shares at a price of $1.36 per share in exchange for the payment of interest on convertible debentures in the amount of $45,619.

Subsequent to June 30, 3019, the Company issued common shares as described in Notes 23(a) and 23(b).

Stock options

The Company has a stock option plan for directors, officers, employees and service providers. Under the plan, stock options may be granted to purchase up to 2,226,032 common shares of COGI and the maximum term of options granted is 10 years. Unless otherwise determined by the Board of Directors at the time of grant, options vest as to one-third on each of the first, second and third anniversary dates of the date of grant.

A summary of the Company's outstanding stock options at June 30, 2019 is presented below:

	Options	Weighted average exercise price
		$
Outstanding, December 31, 2018	2,168,214	4.34
Expired	(132,000)	8.41
Outstanding, June 30, 2019	2,036,214	4.08

The exercise prices for stock options outstanding and exercisable under the plan at June 30, 2019 is as follows:

	Outstanding options			Exercisable options	
	Number	Weighted average remaining contractual life	Weighted average exercise price	Number	Weighted average exercise price
		Years	$		$
Employees, officers and directors					
	63,400	1.9	7.10	63,400	7.10
	132,500	2.0	5.90	132,500	5.90
	90,000	3.5	4.80	90,000	4.80
	320,314	3.9	4.18	320,314	4.18
	1,430,000	6.2	3.71	-	3.71
	2,036,214	5.3	4.08	606,214	4.95

The Company's share-based compensation relating to stock options for the three and six months ended June 30, 2019 was $529,945 and $1,077,654, respectively, (three and six months ended June 30, 2018 - $176,411 and $293,203, respectively), of which $156,933 and $321,289, respectively, (three and six months ended June 30, 2018 - $8,821 and $61,015, respectively) was capitalized.

Subsequent to June 30, 2019, outstanding stock options were amended and new stock options were granted as described in Note 23(c), and 148,452 stock options at exercise prices ranging from $4.18 to $7.10 expired.

Warrants

Outstanding warrants entitle their holders to subscribe for an equivalent number of common shares, as follows:

	Number of warrants	Amount ($)
Outstanding, December 31, 2018	2,391,953	3,956,098
Issued	1,500,000	283,737
Outstanding, June 30, 2019	3,891,953	4,239,835

In connection with refinancing the Credit Facilities (Note 10), 1,500,000 share purchase warrants were issued to the Lender. Each warrant will entitle the holder to purchase one COGI share at a price of $0.65 per share for a period of 24 months. The fair value of each warrant issued was $0.19 and was estimated on June 26, 2019 using the Black-Scholes valuation model based on the following assumptions:

Expected volatility	83%
Risk-free interest rate	1.47%
Expected term	2 years
Expected dividends	None
Share price	$0.50
Exercise price	$0.65

A summary of the Company's outstanding warrants as at December 31, 2018 is as follows:

Number of warrants	Exercise Price ($)	Expiry Date
954,546	5.30	August 4, 2020
999,907	4.00	August 14, 2020
1,500,000	0.65	June 26, 2021
437,500	5.90	October 20, 2021
3,891,953		

In connection with the Arrangement (Note 6), 999,907 arrangement warrants were issued. Each arrangement warrant will entitle the holder thereof to purchase one COGI share at a price of $4.00 per share for a period of 24 months. The arrangement warrants will vest upon the earlier of (i) the date on which the COGI shares achieve a 20-day weighted average price of $6.40 per share; and (ii) the date on which COGI completes an equity financing of a minimum of $10 million at a price of at least $6.00 per share. As of June 30, 2019, no arrangement warrants have vested.

Subsequent to June 30, 3019, the Company issued warrants as described in Note 23(a).

Weighted average number of common shares

The stock options, warrants and convertible debentures (Note 13) were not included in the calculation of diluted loss per share as their inclusion would have an antidilutive effect.

15. COMMITMENTS

The Company's office leases have been accounted for as right-of-use assets and lease obligations on transition to IFRS 16 (Notes 5, 9 and 11). There have been no significant changes in the Company's expected future commitments related to lease rentals, and the timing of those payments, since December 31, 2018.

Capital commitments in Wyoming, U.S. for the balance of 2019 include estimated costs totaling approximately $5,598,000 to complete a gas gathering and processing facility, gas injection and electrical powerline facilities, and the source gas pipeline. Otherwise, all future capital expenditures are considered discretionary.

16. RELATED PARTY TRANSACTIONS

The Company had no related party transactions for the six months ended June 30, 2019 and 2018.

Compensation of key management personnel

The aggregate compensation of key management personnel was as follows:

	Six months ended June 30,	
	2019	2018
	$	$
Salaries and benefits	**649,802**	586,072
Share-based compensation	**881,805**	146,949
Total compensation	**1,531,607**	733,021

17. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The board of directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework and periodically reviews the results of all risk management activities and all outstanding positions. Management identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and market conditions and the Company's activities.

Financial instruments comprise cash, restricted cash and deposits, accounts receivable, accounts payable and accrued liabilities, credit facilities, obligation for purchase of shares, obligation for exploration work, due to partner and convertible debentures.

The carrying amounts for cash, accounts receivable, accounts payable and accrued liabilities, credit facilities, obligation for purchase of shares and due to partner are reasonable approximations of their respective fair values due to the short-term maturities of these instruments. The carrying amounts for restricted cash and deposits and obligation for exploration work approximate their respective fair values.

The carrying amount of the convertible debentures as at June 30, 2019 approximated its fair value.

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is equal to the carrying amounts of cash, restricted cash and deposits, and accounts receivable. The Company reduces its credit risk on cash and restricted cash and deposits by maintaining its bank accounts at large international financial institutions. Accounts receivable consists of amounts due from petroleum and natural gas marketers, capital and revenue (net of royalties and production taxes) amounts due from joint operations partners and other parties.

The Company mitigates collection risk from petroleum and natural gas marketers by reviewing the credit risk of these entities and by entering into agreements only with parties that meet certain credit tests.

The Company mitigates collection risk from the joint operations receivables by requiring partner approval of significant capital expenditures prior to expenditure. Joint operations receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact the partners' ability to generate cash flow will increase the risk of not collecting joint operations receivables.

The Company's accounts receivable as at June 30, 2019 are as follows:

	June 30, 2019	December 31, 2018
	$	$
Trade accounts receivable	**27,508**	243,130
Joint operations receivable	**833,564**	927,824
Other	**155,893**	190,199
Commodity taxes receivable	**80,881**	219,882
	1,097,846	1,626,035

The accounts receivable balance as at June 30, 2019 is primarily comprised of: 38 percent due from one joint operations partner in the United States (December 31, 2018 – 46 percent); 15 percent due from one joint operations partner in Canada (December 31, 2018 – 9 percent); 2 percent due from three purchasers of petroleum and natural gas in Canada (December 31, 2018 – 14 percent); and 7 percent due from the Canada Revenue Agency (December 31, 2018 – 14 percent).

The Company's trade receivables have been aged as follows:

	June 30, 2019	December 31, 2018
	$	$
Current	**757,040**	1,263,790
31 – 60 Days	**346**	161,559
61 – 90 Days	**13,938**	-
> 90 Days	**326,522**	200,686
	1,097,846	1,626,035

When determining whether amounts that are past due are collectable, management assesses the credit worthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company considers all amounts greater than 90 days to be past due. No allowance for doubtful accounts has been recorded by the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective is to ensure, as far as possible, that it will have sufficient liquidity

to meet its liabilities when due. To achieve this objective, the Company prepares annual budgets for operating cashflows and capital expenditures, which are regularly monitored and updated as considered necessary. The Company's liquidity risk is further outlined in Note 2.
The following are the contractual maturities of financial liabilities based on the earliest date on which the Company can be required to repay such liabilities:

	Less than one year	**Beyond one year**
	$	**$**
Credit facilities	38,500,000	-
Accounts payable and accrued liabilities	9,449,391	-
Obligation for purchase of shares	3,116,750	-
Due to partner	90,000	-
Obligation for exploration work	-	7,309,892
Convertible debentures	-	1,500,000
	51,156,141	8,809,892

The ability to fulfill these liabilities is dependent on the expected upcoming production capability of new and existing assets and the Company's ability to attain profitable operations and generate funds therefrom, including improvements in realized oil and gas prices, together with the continued ability to raise capital through public issuances, private placements, debt financing, property sales or some combination of these alternatives. The Company is actively pursuing each of these options, taking into consideration the cost/benefit of each alternative.

Market risk

Market risk is the risk or uncertainty arising from possible price movements and their impact on the future performance of the business. The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates. Derivative instruments may be used to reduce exposure to these risks.

Commodity price risk
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. A significant change in commodity prices can materially impact the Company's cash flows. Lower commodity prices may also reduce the Company's ability to raise capital. Commodity prices for petroleum and natural gas are not only influenced by supply and demand in Canada and the United States, but also by world events that dictate the levels of supply and demand. The Company had no risk management contracts that would be affected by commodity prices in place at June 30, 2019.

Foreign currency risk
Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Approximately 75% and 25% of the Company's petroleum and natural gas sales were denominated in United States dollars and in Canadian dollars, respectively, for the six months ended June 30, 2019. While the market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollar, the exchange rate effect cannot be quantified. Generally an increase in the value of the Canadian dollar as compared to the U.S. dollar will reduce the prices received by the Company for its Canadian petroleum and natural gas sales.

The Company had no risk management contracts that would be affected by foreign currency changes in place at June 30, 2019.

Interest rate risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its fixed-rate credit facilities and convertible debentures. The Company had no risk management contracts that would be affected by interest rates in place at June 30, 2019.

Capital management

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development and commitments of the business. The Company actively manages its capital structure in response to changes in economic conditions and the risk characteristics of its petroleum and natural gas properties. The Company considers its capital structure to include shareholders' equity, convertible debentures, credit facilities, bank debt, if any, and working capital deficiency. In order to maintain or adjust the capital structure, the Company may from time to time issue shares or debt and adjust its capital spending to manage current and projected debt levels. To facilitate the management of the capital expenditures and level of debt, the Company prepares annual budgets, which are regularly monitored and updated as considered necessary. The annual and updated budgets are approved by the board of directors. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. See further discussions in Note 2.

The Company's current capital structure is summarized below:

	June 30, 2019	December 31, 2018
	$	$
Cash	**(2,441,556)**	(1,530,926)
Current assets, excluding cash	**(18,615,900)**	(3,028,464)
Current liabilities, excluding credit facilities	**22,894,796**	7,282,433
Credit facilities	**35,951,098**	33,886,089
Convertible debentures	**1,457,597**	1,439,763
Shareholders' equity	**32,906,030**	60,362,270
	72,152,065	98,411,165

There have been no changes in the Company's approach to capital management in 2019.

18. REVENUE

The Company sells its Canadian production pursuant to variable-price contracts. The transaction price for variable priced contracts is based on the benchmark commodity prices, adjusted for quality, location or other factors. The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Receivables from petroleum and natural gas sales are normally collected on the 25th day of the month following production.

The Company's U.S. production is from interests in non-operated petroleum and natural gas properties. The operator of the U.S. petroleum and natural gas properties enters into contracts with customers, conducts the activities to transfer control of production volumes to the customer, and collects and remits payments from the customer to COGI.

The following table details the Company's petroleum and natural gas sales by product:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Crude oil	**2,086,016**	427,786	**4,263,187**	965,529
Natural gas	**10,354**	230,799	**866,438**	1,152,790
Natural gas liquids	**5,287**	89,676	**257,623**	280,498
	2,101,657	748,261	**5,387,248**	2,398,817

Sales in the U.S. are predominantly made to one customer and sales in Canada are predominantly made to three customers representing approximately 65%, 19% and 16% of Canadian sales for the six months ended June 30, 2019. As at June 30, 2019, receivables from contracts with customers were $23,045 (December 31, 2018 - $235,837).

19. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Interest on credit facilities	**2,189,257**	20,137	**3,668,088**	20,137
Interest on lease obligations	**11,761**	-	**25,165**	-
Interest on convertible debentures	**53,101**	-	**106,353**	-
Other	**1,528**	-	**7,489**	-
	2,255,647	20,137	**3,807,095**	20,137
Interest income	**(26,851)**	-	**(73,402)**	-
	2,228,796	20,137	**3,733,693**	20,137

20. FOREIGN EXCHANGE LOSS

The Company recorded an unrealized foreign exchange loss of $856,475 and $1,747,477 for the three and six months ended June 30, 2019, respectively, and a realized foreign exchange gain of $5,580 and $24,319 for the three and six months ended June 30, 2019, respectively. Substantially all of the foreign exchange gain and loss relate to an intercompany loan to a foreign subsidiary that is denominated in U.S. dollars.

21. SEGMENT INFORMATION

For management purposes, the Company's activities are conducted in two geographic segments: Canada and the United States. Canadian and U.S. activities relate to the exploration, development, and production of oil and natural gas. Non-segmented expenses include corporate activities and items not allocated between operating segments. There were no transactions other than intercompany loans between the reportable segments for the three and six months ended June 30, 2019 and 2018.

	Three months ended June 30,					
	Canada		United States		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Revenue						
Petroleum and natural gas sales	**104,463**	748,261	**1,997,194**	-	**2,101,657**	748,261
Royalties	**(18,115)**	(137,476)	**(393,698)**	-	**(411,813)**	(137,476)
Production taxes	**-**	-	**(194,076)**	-	**(194,076)**	-
Net revenue from petroleum and natural gas sales	**86,348**	610,785	**1,409,420**	-	**1,495,768**	610,785
Other sales	**10,691**	-	**-**	-	**10,691**	-
	97,039	610,785	**1,409,420**	-	**1,506,459**	610,785
Segmented expenses						
Operating and transportation	**156,896**	320,437	**622,929**	-	**779,825**	320,437
Exploration and evaluation expense	**-**	35,064	**-**	-	**-**	35,064
Depletion and depreciation	**146,708**	214,430	**444,055**	-	**590,763**	214,430
Impairment	**20,211,185**	-	**-**	-	**20,211,185**	-
Gain on disposal of property and equipment	**(49,191)**	-	**-**	-	**(49,191)**	-
Accretion of decommissioning liability	**12,375**	2,401	**8,407**	-	**20,782**	2,401
	20,477,973	572,332	**1,075,391**	-	**21,553,364**	572,332
Segmented income (loss)	**(20,380,934)**	38,453	**334,029**	-	**(20,046,905)**	38,453
Non-segmented expenses						
General and administrative					**1,361,158**	1,269,422
Share-based compensation					**373,012**	167,590
Finance costs					**2,228,796**	20,137
Foreign exchange loss					**850,895**	-
					4,813,861	1,457,149
Net loss					**(24,860,766)**	(1,418,696)
E&E assets[1]	**5,263,204**	32,222,140	**2,616,828**	2,657,092	**7,880,032**	34,879,232
Property & equipment[1]	**4,124,694**	6,020,460	**62,307,343**	61,783,583	**66,432,037**	67,804,043
Total assets[1]	**29,918,997**	49,435,861	**65,450,528**	65,290,977	**95,369,525**	114,726,838
Capital	**276,114**	185,694	**893,903**	-	**1,170,017**	185,694

expenditures						

[(1)] Current year represents balances at June 30, 2019. Prior year represents balances at December 31, 2018.

	Six months ended June 30,					
	Canada		United States		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Revenue						
Petroleum and natural gas sales	**1,341,364**	2,398,817	**4,045,884**	-	**5,387,248**	2,398,817
Royalties	**(219,503)**	(421,783)	**(795,356)**	-	**(1,014,859)**	(421,783)
Production taxes	**-**	-	**(393,282)**	-	**(393,282)**	-
Net revenue from petroleum and natural gas sales	**1,121,861**	1,977,034	**2,857,246**	-	**3,979,107**	1,977,034
Other sales	**30,202**	-	**-**	-	**30,202**	-
	1,152,063	1,977,034	**2,857,246**	-	**4,009,309**	1,977,034
Segmented expenses						
Operating and transportation	**604,740**	912,464	**1,374,418**	-	**1,979,158**	912,464
Exploration and evaluation expense	**-**	35,064	**-**	-	**-**	35,064
Depletion and depreciation	**590,822**	678,918	**960,414**	-	**1,551,236**	678,918
Impairment	**20,211,185**	-	**-**	-	**20,211,185**	-
Gain on disposal of property and equipment	**(49,191)**	-	**-**	-	**(49,191)**	-
Accretion of decommissioning liability	**29,913**	4,829	**17,303**	-	**47,216**	4,829
	21,387,469	1,631,275	**2,352,135**	-	**23,739,604**	1,631,275
Segmented income (loss)	**(20,235,406)**	345,759	**505,111**	-	**(19,730,295)**	345,759
Non-segmented expenses						
General and administrative					**2,126,933**	1,623,533
Share-based compensation					**756,365**	232,188
Finance costs					**3,733,693**	20,137
Foreign exchange loss					**1,723,158**	-
					8,340,149	1,875,858
Net loss					**(28,070,444)**	(1,530,099)
E&E assets[(1)]	**5,263,204**	32,222,140	**2,616,828**	2,657,092	**7,880,032**	34,879,232
Property & equipment[(1)]	**4,124,694**	6,020,460	**62,307,343**	61,783,583	**66,432,037**	67,804,043
Total assets[(1)]	**29,918,997**	49,435,861	**65,450,528**	65,290,977	**95,369,525**	114,726,838
Capital expenditures	**662,382**	670,861	**4,020,775**	-	**4,683,157**	670,861

(1) Current year represents balances at June 30, 2019. Prior year represents balances at December 31, 2018.

22. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in working capital items is detailed as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Provided by (used in):				
Accounts receivable	543,554	275,956	528,189	77,489
Inventory	2,193	14,990	4,410	42,671
Prepaid expenses and deposits	(7,546)	26,446	24,170	(35,639)
Accounts payable and accrued liabilities	3,512,545	186,967	5,559,920	(144,592)
Effect of foreign exchange on working capital	145,204	-	140,029	-
	4,195,950	504,359	6,256,718	(60,071)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Provided by (used in):				
Operating activities	1,967,049	410,875	2,547,096	(141,574)
Investing activities	(432,661)	93,484	1,071,911	86,028
Financing activities	2,661,562	-	2,637,711	(4,525)
	4,195,950	504,359	6,256,718	(60,071)

23. SUBSEQUENT EVENTS

a. In June, 2019, the Company entered into an agreement with a syndicate of investment dealers in connection with a commercially reasonable efforts agency private placement of up to 16,000,000 units at a price of $0.50 per unit for gross proceeds of up to $8 million (“**the Offering**”). Each unit (“**Unit**”) consists of one common share plus one-half of a common share purchase warrant. Each warrant is exercisable for one common share at a price of $0.60 per share for a term of 24 months from closing.

   On July 30, 2019, the Company issued 14,282,000 Units for gross proceeds of $7,141,000; net proceeds of $6,643,000 after estimated share issuance costs of $498,000. The lead agent of the Offering subscribed for 2,500,000 Units and agreed to cancel its entitlement to the associated 1,250,000 share purchase warrants. The common shares and warrants issued pursuant to the Offering are subject to a four month hold period.

b. In August 2019, the Company issued 83,743 common shares at a price of $0.53 per share in exchange for the payment of interest on convertible debentures in the amount of $44,384.

c. In August 2019, the Company amended the stock option plan to increase the number of common shares that may be issued pursuant to stock options to 3,624,539 common shares and, subject to shareholder approval, a further increase to the number of common shares that may be issued pursuant to stock options to 4,349,447 common shares. The Company also amended 2,036,214 stock options that were previously granted at exercise prices ranging from $3.71 to $7.10, to amend the exercise price on those options from their respective price per share to $0.50 per share, which is subject to shareholder approval. These amendments are also subject to regulatory approval.

   In August 2019, the Company granted 2,310,000 stock options to officers, directors and employees at an exercise price of $0.50 per share, of which 725,000 are subject to shareholder approval.

d. In July 2019, $4.3 million was drawn from the Additional Facility. Pursuant to the Credit Facilities agreement, all proceeds from the sale of any assets held as security must be used to re-pay the Credit Facilities. Upon closing of the APAs (Note 7), the proceeds of disposition, less the Escrow Amount, of $4.0 million will be used to partially re-pay the Credit Facilities.