Cuda Oil and Gas Inc.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") for Cuda Oil and Gas Inc., ("COGI" or the "Company"), is prepared as of July 17, 2020. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company together with the notes thereto for the three months ended March 31, 2020 and 2019 (the "Financial Statements"), and the audited consolidated financial statements of the Company for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial data presented is in Canadian dollars, except where indicated otherwise. These documents and additional information about Cuda Oil and Gas Inc. are available under the Company's profile on the SEDAR website at www.sedar.com.

DESCRIPTION OF BUSINESS

Cuda Oil and Gas Inc., is a company incorporated under the *Business Corporations Act (Quebec)*.

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) ("Arrangement"). The Arrangement was completed on August 14, 2018 with the business combination accounted for as a reverse acquisition of Junex by CEI. In August 2018, the Company also completed the acquisition of certain oil and natural gas properties in the state of Wyoming, United States for $50.3 million and a $35 million debt issuance.

With the strategy to focus on the development of its Alberta and Wyoming oil and gas properties, on July 23, 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, Canada for cash consideration of $4,290,003; net proceeds of $3,787,659 after costs to sell of $502,344. On September 4, 2019, the Company closed the APAs and disposed of all of its land permits, licenses, production rights and interests in Quebec, Canada, 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 associated drilling and field equipment and other tangible assets (the "Quebec Assets"). The purchasers also caused the Company to be released and discharged from a claim associated with the obligation to purchase shares from a dissenting shareholder in the amount of $3,116,750.

The main activity of COGI is oil and natural gas exploration, development and production in the Province of Alberta, Canada, and in the State of Wyoming in the United States. COGI's principal place of business is located at 1930, 440 2 Avenue SW, Calgary, Canada T2P 5E9. COGI's common shares are listed under the symbol "CUDA" on the TSX Venture Exchange ("TSXV").

GOING CONCERN

These unaudited interim condensed consolidated financial statements and the audited consolidated financial statements for the year ended December 31, 2019 have been prepared on a going concern basis, which contemplates the realization of assets and payment of liabilities in the ordinary course of business and under the macro economic conditions described below. 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.

At March 31, 2020, the Company has credit facilities outstanding with an outstanding balance of $44,343,173 which mature on July 30, 2020, and convertible debentures with a principle balance of

$1,500,000 which are due on July 21, 2020. Upon maturity of the credit facilities, the Company is also required to pay a financing fee of $1,400,000. The Company had a reporting covenant to deliver unaudited consolidated financial statements for the three months ended March 31, 2020, within 60 days to the lender of the credit facilities. The Company was unable to meet this deadline. However, the Company received a waiver relating to this covenant violation. At March 31, 2020, the Company has a working capital deficiency (including the credit facilities and convertible debentures) totaling $56,158,775, and an accumulated deficit totaling $60,922,449. Remaining capital commitments in Wyoming, U.S. for 2020 include costs of approximately Cdn$2.5 million (USD$1.9 million) to complete the first quarter drilling program and facilities in process at December 31, 2019.

Further, for the three months ended March 31, 2020 and 2019, the Company reported net income (loss) of $917,226 and ($3,209,678), respectively and cash flows from operating activities of $958,862 and $200,566, respectively. Currently, the Company has no ability to settle any of the credit facilities, the convertible debentures, its ongoing commitments in Wyoming, U.S. or its working capital deficiency. The Company will need to raise significant additional financing in order to be able to meet both its existing and future obligations. There is no guarantee that the Company will be successful in this regard and the current macro-environment as a result of the coronavirus ("**COVID-19**") health pandemic has created further significant challenges to the Company in this regard. As such a material uncertainty exists that casts significant doubt upon the Company's ability to continue as a going concern.

During the first quarter ended March 31, 2020, global oil prices declined considerably caused by reduced demand driven by the COVID-19 health pandemic and over supply concerns between OPEC+ countries on production curtailments. While the OPEC+ countries have now reached an agreement on production cuts, the macro economic environment remains weak and considerable uncertainty exists regarding the duration and extent of oil demand destruction from the COVID-19 pandemic. The current challenging economic climate may have significant adverse impacts on the Company, including, but not limited to:

- material declines in revenue and cash flows due to reduced commodity prices,
- declines in future revenue, which could result in increased impairment charges on long-term assets,
- prolonged demand destruction, which could continue to negatively impact the Company's ability to maintain liquidity.

The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgments made by management in the preparation of these unaudited interim condensed consolidated financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

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 unaudited 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.

FORWARD LOOKING STATEMENTS

This MD&A contains forward–looking statements and information. Please see "Forward–Looking Statements and Information" included in the "Advisories" section at the end of this MD&A.

FINANCIAL PERFORMANCE MEASURES

The selected financial information and discussion also refers to certain measures to assist in assessing financial performance. These "Non–GAAP Measures" such as "adjusted funds flows from (used in) operations", "adjusted funds flows from (used in) operations per share", "operating netback", and "working capital surplus (deficit)", should not be construed as alternatives to net income (loss) or other comparable measures determined in accordance with IFRS as an indicator of performance or as a measure of liquidity and cash flows. The Company uses these measures to assist in understanding the Company's ability to generate positive cash flows from operating activities at current commodity prices and they provide an analytical tool to benchmark changes in operational performance against prior periods. Non–GAAP measures do not have standard meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Definitions of each measure used are provided in "Non–GAAP Measures" included in the "Advisories" section at the end of this MD&A.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended March 31	
	2020	2019
($, except per share)		
Financial		
Revenue	**2,038,469**	3,285,591
Cash flows from (used in) operating activities	**958,862**	200,566
Adjusted funds flows used in operations[1]	**(943,923)**	(379,481)
Per share – basic and diluted	**(0.03)**	(0.02)
Income (Loss) from continuing operations	**917,226**	(2,960,169)
Per share – basic and diluted	**0.03**	(0.13)
Loss from discontinued operation	**-**	(249,509)
Per share – basic and diluted	**0.00**	(0.01)
Capital expenditures	**7,392,044**	3,513,140
Working capital deficit[1]	**(56,158,775)**	(41,345,294)
Total assets	**91,332,903**	114,826,150
Operating		
Average daily production volumes (boe/d)		
Canada	**233**	609
United States	**336**	343
Average realized price ($/boe)		
Canada	**18.64**	22.59
United States	**53.71**	66.46
Company operating netback ($/boe)[1]	**16.87**	15.01

Note:
(1) See "Non–GAAP Measures".

- The Company completed the 15 well drilling program in the first quarter of 2020 with 100% success rate on the 8 wells drilled in the fourth quarter of 2019 and 7 additional wells in the first quarter of 2020. All wells are now on line with 11 new producers and 4 new injectors. The Company increased its injection program in March by converting 4 more wells into injection wells.

- The Company realized higher operating netback in the first quarter of 2020, despite lower average realized prices. The Company realized higher operating netback of $16.87 per boe in the first quarter compared to $15.01 from the same quarter of 2019, an increase of 12%. Operating netback continues to improve quarter over quarter, as operating netback for the three months ended December 31, 2019 was $15.71.

REVIEW OF FINANCIAL RESULTS

Production

	Three months ended March 31 2020	2019
Crude oil (bbls/d)		
Canada	**8**	26
United States	**336**	343
Natural gas (mcf/d)		
Canada	**1,207**	3,204
Natural gas liquids ("NGLs")(bbls/d)		
Canada	**25**	49
Total (boe/d)		
Canada	**233**	609
United States	**336**	343
	569	952

Production for the three months ended March 31, 2020 was 40 percent lower compared to the same period in 2019, primarily the result of decreased natural gas and crude oil production in Alberta. The decrease in production volumes from the Alberta assets, resulted in total production of 569 boe/d in the first quarter of 2020 compared to 952 boe/d for the same quarter in 2019. Production of crude oil was 2% lower for the three months ended March 31, 2020 than the same quarter in 2019 from the Barron Flats (Deep) Unit of Wyoming.

A warmer winter and COVID-19 caused a softening in AECO natural gas prices, resulting in the Company shutting in its natural gas production from the start of February until mid-March 2020. In contrast, the same two months in 2019 had higher AECO natural gas prices which led to continuous production. The Company averaged 1,207 mcf/d in the first quarter of 2020 compared to 3,204 mcf/d in the same quarter of 2019. The Company continues to maximize the reserve value by producing natural gas into high price environments and restricting production during periods of price volatility. Global oil prices significantly decreased in March 2020 due to the progression of COVID-19, forcing a reduction of oil production from the Alberta assets as production became uneconomical, whereas oil prices were much more stable during the first quarter of 2019, resulting in higher oil production. Crude oil from Alberta assets was 8 bbls/d in the quarter ended March 31, 2020 compared to 26 bbls/d in the same quarter of 2019.

Beginning in the fourth quarter of 2019, the Company started a 15 well drilling program in Barron Flats (Deep) Unit, with 100% success on the 8 wells drilled in the fourth quarter of 2019 and 7 wells in the first quarter of 2020. The 15 wells resulted in 11 new producing wells and 4 new injector wells that increase reservoir pressure to achieve higher oil production. In addition, the Company participated in converting four more existing wells into injections wells. Due to COVID-19, there was delay in injecting natural gas to increase pressure to facilitate crude oil production. The injection of natural gas is expected to occur in the second and third quarter of 2020 with expectation that oil production will begin to increase. In March

2020, the start of the OPEC+ disagreement on production curtailment resulted in global oil prices sharply decreasing, causing certain wells in Wyoming to decrease crude oil production.

Less attractive investment economics from lower global crude oil prices has resulted in the Company restricting investment to projects such as the current commitments at Barron Flats (Deep) Unit. With Alberta prices also impacted by pipeline capacity and refining demand, there has been less opportunities to invest in the Alberta assets.

Revenue

	Three months ended March 31	
	2020	2019
($)		
Crude oil		
Canada	**30,113**	128,481
United States	**1,642,510**	2,048,690
	1,672,623	2,177,171
Natural gas		
Canada	**269,506**	856,084
NGLs		
Canada	**96,340**	252,336
Total	**2,038,469**	3,285,591

Petroleum and natural gas revenue totalled $2,038,469 for the first quarter of 2020, compared to $3,285,591 for the first quarter of 2019, a decrease of 38%. The change was primarily driven by lower natural gas and crude oil production volumes in Alberta, and lower global crude oil prices caused by decreased demand for oil due to the advancement of COVID-19 during the first quarter and disagreement among the OPEC+ producers on production curtailment that escalated in March 2020.

Natural gas revenue decreased to $269,506 for the three months ended March 31, 2020, from $856,084 for the period ended March 31, 2019, as AECO prices softened during the first quarter of 2020 causing production to be shut-in for approximately half the quarter in Alberta. Crude oil production from Wyoming was 2% lower compared to the first quarter of 2019 and WTI prices were 17% lower in the three months ended March 31, 2020 compared the same period of 2019, resulting in crude oil revenue of $1,672,623 in the first quarter of 2020 compared to $2,177,171 in the first quarter of 2019. WTI averaged US$45.76 in the first quarter of 2020 compared to US$54.83 in the first quarter of 2019.

Commodity Prices

	Three months ended March 31 2020	2019
Average Realized Prices		
Crude oil ($/bbl)		
Canada	**43.96**	55.16
United States	**53.71**	66.46
	53.49	65.66
Natural gas ($/mcf)		
Canada	**2.45**	2.97
NGLs ($/bbl)		
Canada	**42.88**	57.73
Company average realized price ($/boe)		
Canada	**18.64**	22.59
United States	**53.71**	66.46
	39.34	38.39
Average Benchmark Prices		
WTI crude oil (US$/bbl)	**45.76**	54.83
Exchange rate (US$/Cdn$)	**1.34**	1.33
Edmonton light oil (Cdn$/bbl)	**51.43**	66.40
AECO, daily (5A)(Cdn$/GJ)	**1.92**	2.46

WTI prices decreased month over month during the first quarter of 2020 as world demand for oil declined as the impact of COVID-19 increased during the quarter. The most dramatic decrease in crude oil prices was recorded in March 2020 with additional downward pressure on crude oil prices caused by the collapse of OPEC+ production curtailment. The March 2020 average price for WTI was US$29.21 compared to December 2019 average price of US$59.88.

Average WTI crude oil prices decreased in the first quarter of 2020 compared to the fourth quarter of 2019, US$45.76 versus US$56.96 respectively, as weak global macroeconomic sentiment and global oil demand uncertainty continue to elevate concerns of an economic slowdown. In the first quarter of 2020, WTI prices decreased 17 percent, averaging US$45.76/bbl compared to US$54.83/bbl in the first quarter of 2019.

Differentials between WTI prices and prices received in Alberta are volatile due to factors including refining demand and pipeline capacity. During the first quarter of 2020, Canadian crude averaged $43.96/bbl compared to $55.16/bbl for the same quarter of 2019. The differentials between WTI and Edmonton light oil have tightened, returning to more historically normal levels over the course of the first three months of 2020.

The price realized by the Company for natural gas production is primarily determined by the AECO benchmark. The decrease in AECO, daily (5A) prices in the first quarter of 2020 compared to the first quarter of 2019, primarily reflects less demand for natural gas caused by COVID-19; a warmer than normal winter in Canada and United States; and constrained export capabilities. The AECO, daily (5A) benchmark for the first quarter ended March 31, 2020 was $1.92/GJ compared to $2.46/GJ for the first quarter of March 31, 2019.

Royalties and Production taxes

	Three months ended March 31	
	2020	2019
($, except % and per boe)		
Royalties and Production taxes		
Canada	**54,810**	201,388
United States	**507,285**	600,864
	562,095	802,252
As a % of Revenue		
Canada	**14%**	16%
United States	**31%**	29%
	28%	24%
Per boe		
Canada	**2.58**	3.68
United States	**16.59**	19.49
	10.85	9.37

The royalty and production tax rate increased to 28 percent for the three months ended March 31, 2020, from 24 percent for the three months ended March 31, 2019, primarily driven by higher levels of production from crude oil and less natural gas production. Similarly, for the period ended March 31, 2020, resulted in higher royalty and production tax expense of $10.85 per boe, compared to $9.37 per boe, for the same period in 2019.

Lower average realized prices in Canada during the three months ended March 31, 2020, resulted in lower royalty and production tax expense of $2.58 per boe, compared to $3.68 per boe, for the three months ended March 31, 2019. The Barron Flats (Deep) Unit royalties are calculated on basis of revenue which decreased in the first quarter of 2020 due to lower prices, and production tax is calculated on net revenue after royalties. The royalty and production tax was $16.59 per boe in the three months ended March 31, 2020 compared to $19.49 per boe for the three months ended March 31, 2019.

Operating and Transportation expenses

	Three months ended March 31	
	2020	2019
($, except per boe)		
Operating and Transportation expenses		
Canada	**170,477**	447,844
United States	**431,444**	751,489
	601,921	1,199,333
Per boe		
Canada	**8.03**	8.18
United States	**14.11**	24.38
	11.62	14.01

Operating and transportation expenses decreased to $11.62 per boe, for the three months ended March 31, 2020, compared to $14.01 for the same three months ended 2019, due to lower crude oil and natural gas production.

During the first quarter of 2019, delays in field electrification and additional workover costs on new wells in the Barron Flats (Deep) Federal Unit and initial workover costs to restart several shut-in wells on the Cole Creek property, contributed to operating and transportation expenses of $24.58 per boe compared for the three months ended March 31, 2019.

Company Operating Netback[1]

	Three months ended March 31	
	2020	2019
($ per boe)		
Canada		
Average realized price	**18.64**	22.59
Royalties	**(2.58)**	(3.68)
Operating and transportation	**(8.03)**	(8.18)
Operating netback[1]	**8.03**	10.73
United States		
Average realized price	**53.71**	66.46
Royalties and production taxes	**(16.59)**	(19.49)
Operating and transportation	**(14.11)**	(24.38)
Operating netback[1]	**23.01**	22.59
Company		
Average realized price	**39.34**	38.39
Royalties and production taxes	**(10.85)**	(9.37)
Operating and transportation	**(11.62)**	(14.01)
Operating netback[1]	**16.87**	15.01

Note:
(1) See "Non–GAAP Measures".

The Company's operating netback increased to $16.87 per boe for the three months ended March 31, 2020, from $15.01 per boe for the three months ended March 31, 2019. In spite of lower realized prices as a result of lower oil demand caused by COVID-19 and disagreement on production curtailments from OPEC+ countries, the Company realized lower operating and transportation expenses per boe, offset by higher royalty and production tax per boe.

Depletion and Depreciation ("D&D")[1]

	Three months ended March 31 2020	2019
($, except per boe)		
D&D		
Canada	**129,728**	366,665
United States	**574,090**	516,359
	703,818	883,024
Per boe		
Canada	**6.11**	6.70
United States	**18.77**	16.75
	13.58	10.32

Note:
(1) Excludes amounts related to discontinued operation (see Discontinued Operation).

Depletion and depreciation expense decreased to $703,818 for the three months ended March 31, 2020, compared to $883,024 for the three months ended March 31, 2019, primarily due to lower production of crude oil and natural gas from Alberta assets in the quarter.

In Canada, D&D expense decreased to $6.11 per boe for the three months ended March 31, 2020, from $6.70 per boe for the three months ended March 31, 2019, primarily due to lower production in the first quarter of 2020, and the impairment of $5,902,999 at December 31, 2019 of the Alberta assets which decreased the amount of carrying costs for depletion and depreciation.

Impairment
As at March 31, 2020, indicators of impairment were determined to exist in each of the Company's cash generating units ("CGUs"), as a result of a sustained decline in forward commodity benchmark prices for oil, natural gas and natural gas liquids. As such impairment tests were carried out on each of the Company's CGUs, the Alberta CGU and the Wyoming CGU. In the impairment tests conducted on both CGUs, the recoverable amounts were determined to exceed the carrying values and as such no impairment charge was recorded at March 31, 2020. There were no indicators of impairment identified as at March 31, 2020 for the Company's E&E assets. Accordingly, an impairment test was not required.

General and Administrative ("G&A") expenses[1]

	Three months ended March 31 2020	2019
($)		
Gross G&A	**680,645**	710,587
Capitalized G&A	**-**	(153,775)
Net G&A	**680,645**	556,812

Note:
(1) Excludes amounts related to discontinued operation (see Discontinued Operation).

For the three months ended March 31, 2020, net G&A expenses increased to $680,645 from $556,812 for the three months ended March 31, 2019. The Company reviewed its G&A capitalization during the first quarter of 2020 and concluded not to capitalize G&A as the Company's focus continues to be directed towards the non-operated operations at Barron Flats (Deep) Unit and reduced number of employees and consultants at head office due to COVID-19.

The Company incurred lower gross G&A during the first quarter of 2020 due to lower office costs such as software and IT expenses and lower travel costs. The first quarter of G&A expense in 2019 were higher due to one-time legal and professional fees.

The Company's policy of allocating and capitalizing costs directly attributable to investments in exploration and evaluation assets remained unchanged for the quarter ended March 31, 2020.

Share-Based Compensation ("SBC")

	Three months ended March 31	
	2020	2019
($)		
Gross SBC	**328,609**	547,709
Capitalized SBC	**-**	(164,356)
Net SBC	**328,609**	383,353

For the three months March 31, 2020, SBC expenses decreased to $328,609 from $383,353 for the three months ended March 31, 2019. The Company reviewed its SBC capitalization during the first quarter and concluded not to capitalize SBC compensation during the quarter. The Company's focus continues to be directed towards the non-operated operations at Barron Flats (Deep) Unit reducing opportunities to capitalize SBC compensation.

On August 6, 2019, 2,310,000 stock options were granted to officers, directors and employees at an exercise price of $0.50 per share, of which 1,585,000 were approved on this date. The balance, 725,000, were approved by COGI shareholders at a special meeting on November 6, 2019, The Company also amended 1,762,445 stock options by re-pricing these stock options to $0.50 on November 6, 2019 as well. Prior to the November 6, 2019 re-pricing of stock options, the stock options had exercise prices ranging between $3.71 to $7.10 which resulted in greater fair value for those stock options and higher SBC expense in prior quarters including the three months ended March 31, 2019.

The Company's policy to capitalize costs that are directly attributable to investments in exploration and evaluation assets remained unchanged for the three months ended March 31, 2020.

Finance Costs[1]

	Three months ended March 31	
	2020	2019
($)		
Interest on credit facilities	**1,911,284**	1,478,831
Interest on lease obligations	**2,704**	5,304
Interest on convertible debentures	**55,101**	53,252
Other	**989**	-
	1,970,078	1,537,387

Note:
(1) Excludes amounts related to discontinued operation (see Discontinued Operation).

Finance costs include interest and accretion expense on the credit facilities, interest on lease obligations, and interest and accretion expense on the convertible debentures acquired from Junex, offset by interest income, if any. Comparing the three months ended March 31, 2020 and 2019, finance costs increased to $1,970,078 in the three months ended March 31, 2020, compared to $1,537,387 for the three months ended March 31, 2019. The increase is due to: interest from the $8.0 million Additional Facility at 10.75% which was made available on June 26, 2019; accretion of refinancing fees incurred on June 26, 2019 for the arrangement of the $8 million Additional Facility and amendments to the $35 credit facility; and accretion expense related to the financing fees owed upon maturity of the credit facilities on July 30, 2020. There were additional refinancing fees incurred on November 29, 2019 when the Company amended the maturity date of the $8 million Additional Facility, increasing accretion expense in the first quarter of 2020.

Foreign Exchange Gain (Loss)
The Company recorded a net foreign exchange gain of $3,736,206 for the three months ended March 31, 2020, compared to a net foreign exchange loss of ($872,263) for the three months ended March 31, 2019.

Substantially all of the foreign exchange gain or loss relates to an intercompany loan to a foreign subsidiary that is denominated in USD. During the first quarter of 2020, the Canadian dollar depreciated in value against the US dollar which results in a foreign exchange gain. Using Bank of Canada foreign exchange rates, the exchange rates for 1 US dollar at these dates was as follows: at January 1, 2020 was $1.2988 Cdn$; and the exchange rate at March 31, 2020 was $1.4187 Cdn$ compared to the exchange rates of $1.3642 Cdn$ on January 1, 2019 and $1.3363 Cdn at March 31, 2019$.

Income Taxes
The Company is not currently cash taxable.

Discontinued Operation
On July 23, 2019, the Company entered into a series of binding APAs to sell all of its oil and gas assets and related decommissioning liabilities in Quebec, Canada. On September 4, 2019, the Company closed the APAs for the Quebec Assets. Operating results related to the Quebec Assets have been included in net loss from discontinued operation for the period of ownership. Comparative periods have been re-presented to show the discontinued operation separately from continuing operations. Please refer to Note 6 of the Financial Statements.

Net loss from discontinued operation is comprised of the following:

($)	Three months ended March 31 2020	2019
Revenue	**-**	19,511
Expenses and other items	**-**	(269,020)
Net loss from discontinued operation	**-**	(249,509)

The cash flows from discontinued operation, including changes in related non-cash working capital items, are as follows:

($)	Three months ended March 31 2020	2019
Cash flows from (used in) operating activities	**4,206**	(265,248)
Cash flows from investing activities	**-**	562,461
Cash flows used in financing activities	**-**	(17,181)
	4,206	280,032

Capital Expenditures[1]

($)	Three months ended March 31 2020	2019
Exploration and Evaluation		
Additions – United States	**54,600**	46,861
Additions – Canada	**-**	386,268
	54,600	433,129
Property and Equipment		
Additions – United States	**7,337,444**	3,080,011
Additions – Canada	**-**	-
	7,337,444	3,080,011
Total	**7,392,044**	3,513,140

Note:
(1) Includes $Nil related to discontinued operation for the three months ended March 31, 2020, ($185,223 for the three months ended March 31, 2019).

During the three months ended March 31, 2020, the Company continued to fulfill its capital commitments at Barron Flats (Deep) Unit to complete the first quarter drilling program and facilities in process at December 31, 2019. At March 31, 2020, $7,392,444 was spent in the first three months on the capital commitments at Barron Flats (Deep) Unit ($nil in Canada) compared to $3,513,140 ($386,268 in Canada) spent on capital expenditures for the same period of 2019. Remaining capital commitments in Wyoming, U.S. for 2020 were estimated costs of Cdn$2.5 million (USD$1.9 million). With the uncertainty and volatility caused by COVID-19, the Company's future capital expenditures will be restricted to expenditures considered non-discretionary.

Since the acquisition in August 2018, the Company's capital expenditures have been focused on developing crude oil production from certain oil and natural gas properties in the Powder River Basin of Wyoming.

LIQUIDITY

At March 31 2020, the Company has a $56,158,775 (December 31, 2019 – $46,518,532) working capital deficiency, (see Non-GAAP Measures), and credit facilities outstanding with an outstanding balance of $44,343,173 which mature on July 30, 2020 and convertible debentures with a principle balance of $1,500,000 which are due on July 21, 2020 and remaining capital commitments in Wyoming, U.S. for 2020 include estimated costs totaling approximately Cdn$2.5 million (USD$1.9 million) to complete the first quarter drilling program and facilities projects.

The Company has no ability to meet the payments required upon maturity of the credit facilities, the convertible debentures, its ongoing commitments in Wyoming, U.S. or its working capital deficiency. The Company will need to raise significant additional financing in order to be able to meet both its existing and future obligations. Currently, the Company does not anticipate redeeming the credit facilities and convertible debentures on their maturity dates and anticipate negotiating extension dates and/or other methods including refinancing to repay the existing credit facilities and redeeming the convertible debentures. There is no guarantee that the Company will be successful in this regard and the current macro-environment as a result of the COVID-19 health pandemic have created further significant challenges to the Company in this regard. As such a material uncertainty exists that casts significant doubt upon the Company's ability to continue as a going concern. For additional information regarding risks impacting the Company, refer to "Risk Factors and Risk Management" included in the "Advisories" section at the end of the December 31, 2019 MD&A.

Management uses adjusted funds flows from (used in) operations to analyze operating performance and considers adjusted funds flows from (used in) operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to manage working capital and future capital expenditures. Adjusted funds flows from (used in) operations and adjusted funds flows from (used in) operations per share should not be considered as an alternative to, or more meaningful than, cash flows from (used in) operating activities presented on the statements of cash flows which is considered the most directly comparable measure under IFRS.

Cash Flows and Adjusted Funds Flows from (used in) Operations[1]

	Three months ended March 31	
	2020	2019
($, except per share)		
Cash flows from operating activities	**958,862**	200,566
Decommissioning liabilities settled	**22,630**	-
Changes in non-cash operating working capital	**(1,925,415)**	(580,047)
Adjusted funds flows used in operations[1]	**(943,923)**	(379,481)
Per share – basic and diluted	**(0.03)**	(0.02)

Note:

(1) See "Non–GAAP Measures".

In the first quarter of 2020, adjusted funds flows used in operations decreased to $943,923 compared to $379,481 in the first quarter of 2019. The decrease primarily reflects lower production and realized prices during the quarter and higher finance costs which were offset by lower operating and transportation costs.

CAPITAL RESOURCES

The Company considers its capital structure to include shareholders' equity, convertible debentures, credit facilities, bank debt, if any, and working capital deficit. 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.

Credit Facilities

At March 31, 2020 the Company had $44,343,173 million outstanding under two credit facilities as described below.

On June 26, 2019, the Company amended its $35 million credit facility with an institutional lender (the "**Lender**") to extend the maturity of the Facility from June 29, 2019 to June 27, 2020. The Facility is non-revolving, payable on demand, and interest compounds monthly at a rate of 10.5% per annum which is payable monthly. On May 5, 2020 the maturity date was further extended to July 30, 2020 (see Subsequent Event).

On June 26, 2019, a new $8 million credit facility ("**Additional Facility**") was made available to the Company by the Lender. The Additional Facility is non-revolving, payable on demand, and interest compounds monthly at a rate of 10.75% per annum which is payable monthly. On November 29, 2019, the Company amended the Additional Facility whereby the maturity date was extended from December 31, 2019 to March 31, 2020, and on May 5, 2020 (see Subsequent Event) the maturity date was further extended to July 30, 2020. In addition, the interest rate on the additional facility was amended from 10.75% to 18.0%.

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, 2020; the Company is not subject to any financial covenants. On May 5, 2020, the Company agreed to pay $25,000 per month toward interest accruing on the Credit Facilities for the months of April, May, June and July 2020.

Refinancing costs for the Credit Facilities of $85,000 were recorded as a reduction against the liability at March 31, 2020. The accretion charge for the three months ended March 31, 2020 was $779,022 (March 31, 2019 - $560,067), and the balance of unamortized costs as at March 31, 2020 was $542,721 (December 31, 2019 - $1,236,743). When the Credit Facilities mature on July 30, 2020, the Company will be required to pay $1,400,000 related to financing fees to the Lender.

Convertible Debentures

The series A and series B convertible debentures bear interest at a rate of 12 percent per annum, payable semi-annually, are unsecured and are scheduled to mature on July 21, 2020. Currently, the Company does not anticipate redeeming the convertible debentures on the maturity date and anticipate negotiating an extension date and/or other methods of redeeming the convertible debentures. The Company may, at its option, pay up to 50 percent 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 percent, 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.

At March 31, 2020, the principal amount of the convertible debentures outstanding was $1,500,000; comprised of series A principal amount of $750,000 and series B principal amount of $750,000.

Shareholders' Equity

Common Shares

As at March 31, 2020, there were 36,436,220 common shares outstanding.

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

	Number of Common Shares
Balance at December 31, 2019	36,329,139
Issued in exchange for interest on convertible debentures	107,081
Balance at March 31, 2020	36,436,220

In January 2020, the Company issued 107,081 common shares at a price of $0.43 per share in exchange for the payment of interest on convertible debentures in the amount of $45,616.

As at July 17, 2020, there were 36,436,220 common shares outstanding.

Warrants

Warrants which entitle their holders to subscribe to an equivalent number of common shares as at March 31, 2020:

- 954,546 warrants exercisable at a price of $5.30 per share until August 4, 2020
- 999,907 warrants exercisable at a price of $4.00 per share until August 14, 2020
- 885,000 warrants exercisable at a price of $0.45 per share until November 29, 2020
- 1,500,000 warrants exercisable at a price of $0.65 per share until June 26, 2021
- 5,891,000 warrants exercisable at a price of $0.60 per share until July 30, 2021
- 437,500 warrants exercisable at a price of $5.90 per share until October 20, 2021

There were no warrants issued in the first three months of 2020.

As at July 17, 2020, there were 10,667,953 warrants outstanding.

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 4,349,477 common shares of COGI and the maximum term of stock options granted is 10 years. Unless otherwise determined by the Board of Directors at the time of grant, stock options vest as to one-third on each of the first, second and third anniversary dates of the date of grant.

Outstanding stock options at March 31, 2020, are presented below:

	Options	Weighted average exercise price
		$
Balance at March 31, 2020	4,083,760	0.50

As at March 31, 2020, the Company had 4,083,760 stock options outstanding, of which 685,920 were vested and exercisable for an aggregate of 685,920 common shares under the terms of the Company's stock option plan. The weighted average exercise price of all stock options at March 31, 2020 is $0.50.

No stock options were granted, forfeited or expired during the three months ended March 31, 2020.

Dividends

The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

There has been no significant change in the amount or type of obligations and commitments at March 31, 2020 since the year ended December 31, 2019. Please refer to the MD&A for the year ended December 31, 2019, available under the Company's profile on the SEDAR website at www.sedar.com.

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2020, the Company did not have any material off–balance sheet arrangements, other than those previously discussed.

RELATED PARTY TRANSACTIONS

The Company had no related party transactions for the three months ended March 31, 2020.

SUMMARY OF QUARTERLY INFORMATION(1)

The following summary information for each of the eight most recently completed quarters reflects the current period presentation of the results of continuing and discontinued operations (see Discontinued Operation).

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
($, except per share)				
Financial				
Total revenue	2,038,469	2,292,586	1,672,886	2,101,657
Adjusted funds flows used in operations(2)	(943,923)	(1,924,147)	(1,793,713)	(1,594,930)
Share-based compensation	(328,609)	(779,549)	(318,096)	(373,012)
Depletion and depreciation	(703,818)	(666,194)	(453,193)	(512,593)
Impairment	-	(5,902,999)	-	-
Accretion of credit facilities and convertible debentures	(834,986)	(305,200)	(751,032)	(1,262,810)
Accretion of decommissioning liability	(10,283)	(9,011)	(8,730)	(10,898)
Foreign exchange gain (loss)	3,738,845	(798,670)	460,175	(856,475)
Discontinued operation	-	(389,809)	(190,372)	(20,250,048)
Net income (loss)	917,226	(10,775,579)	(3,054,961)	(24,860,766)
Per share – basic and diluted	0.03	(0.30)	(0.10)	(1.13)
Capital expenditures and acquisitions	7,392,044	6,685,379	2,169,323	1,170,017
Cash flows from (used in) operating activities	958,862	(2,079,184)	(4,220,307)	372,119
Operating				
Average daily production volumes (boe/d)				
Canada	233	457	29	32
United States	336	246	251	292
Average realized price ($/boe)	39.34	35.44	65.00	71.36
Operating netback ($/boe)(2)	16.87	15.71	22.67	24.31

SUMMARY OF QUARTERLY INFORMATION (Continued)

	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
($,except per share)				
Financial				
Total revenue	3,285,591	3,013,933	1,120,993	748,261
Adjusted funds flows used in operations[2]	(379,481)	(1,040,478)	(1,939,251)	(999,211)
Exploration and evaluation	-	-	(269,294)	(35,064)
Share-based compensation	(383,353)	(317,875)	(237,661)	(167,590)
Depletion and depreciation	(883,024)	(795,612)	(300,587)	(214,430)
Accretion of credit facilities and convertible debentures	(568,935)	(561,146)	(302,262)	-
Accretion of decommissioning liability	(11,336)	(10,594)	(4,543)	(2,401)
Foreign exchange gain (loss)	(891,002)	2,168,629	(541,257)	-
Discontinued operation	(92,547)	(1,996,982)	(65,872)	-
Net loss	(3,209,678)	(2,554,058)	(3,660,727)	(1,418,696)
Per share – basic and diluted	(0.15)	(0.12)	(0.26)	(0.19)
Capital expenditures and acquisitions	3,513,140	8,380,974	43,718,175	185,694
Cash flows from (used in) operating activities	200,566	284,841	(4,736,151)	(588,336)
Operating				
Average daily production volumes (boe/d)				
Canada	609	555	50	382
United States[1]	343	341	111	-
Average realized price ($/boe)	38.39	36.55	75.59	21.54
Operating netback ($/boe)[2]	15.01	15.95	40.70	8.35

Notes:
(1) Results contributed since the asset acquisitions in Wyoming, United States, on August 14, 2018, and October 5, 2018.
(2) See "Non–GAAP Measures".

SUBSEQUENT EVENTS

- On May 5, 2020, the Company amended the Credit Facilities where the maturity of the Facility and the Additional facility has been extended from June 27, 2020 and March 31, 2020, respectively, to July 30, 2020. In addition, the interest rate on the Additional facility was amended from 10.75 percent to 18.0 percent. The Company also agreed to pay $25,000 per month toward interest accruing on the Credit Facilities for the months of April, May, June and July 2020.

- On May 5, 2020, the Company granted an unsecured promissory note, with the approval of the Lender, in favour of a third-party advisor in the amount of $100,000 to be held for future interest payments for the months of April through July 2020. The promissory note bears interest at 2.0 percent per month and is payable quarterly in arrears at the end of each quarter in which the note is outstanding. The maturity date is the earlier of the refinancing of the Company or the date of occurrence of an event of default on the Credit Facilities.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

There has been no significant change in the critical accounting judgements, estimates and assumptions underlying the accounting policies applied in the preparation of the Financial Statements of the Company since the year ended December 31, 2019. Please refer to Note 4 and Note 5 of audited consolidated financial statements for the year ended December 31, 2019, available under the Company's profile on the SEDAR website at www.sedar.com.

ADOPTION OF NEW ACCOUNTING POLICIES

Business Combinations

Effective January 1, 2020, the Company has adopted amendments defining a business from IFRS 3 – Business Combinations. The amendments are intended to provide additional guidance to determine if a transaction should be recorded as a business combination or an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess if an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The optional concentration test permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event.

No business combinations were transacted during the three months ended March 31, 2020.

ADVISORIES

Non-GAAP Measures

This MD&A contains the terms "adjusted funds flows from (used in) operations", "adjusted funds flows from (used in) operations per share", "operating netback", and "working capital surplus (deficit)", which do not have standardized meanings prescribed by IFRS and therefore may not be comparable with the calculation of similar measures presented by other issuers.

- ***Adjusted funds flows from (used in) operations*** denotes cash flows from (used in) operating activities as it appears on the Company's consolidated statement of cash flows before decommissioning expenditures, if any, and changes in non-cash operating working capital.
- ***Adjusted funds flows from (used in) operations per share*** is calculated as adjusted funds flows from (used in) operations divided by the weighted average number of basic and diluted common shares outstanding.
- ***Operating netback*** denotes total revenue less royalty and production tax expenses, and operating and transportation costs calculated on a per boe basis. Management uses operating netback on a per boe basis in operational and capital allocation decisions.
- ***Working capital surplus (deficit)*** is calculated as current assets less current liabilities.

Forward–Looking Statements and Information

This MD&A contains forward-looking information. All statements other than statements of historical fact included in this MD&A are forward-looking statements that involve various risks and uncertainties and are based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. Risk factors that could prevent forward looking statements from being realized include market conditions, ongoing permitting requirements, the actual results of current exploration and development activities, operational risks, risks associated with drilling and completions, uncertainty of geological and technical data, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future oil and gas prices. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Risk Factors

For information regarding risks impacting the Company, please see "Risk Factors" included in the "Advisories" section at the end of the MD&A for the year ended December 31, 2019, available under the Company's profile on the SEDAR website at www.sedar.com.

GLOSSARY

AECO	Alberta Energy Company, a grade or heating content of natural gas used as benchmark pricing in Alberta, Canada
bbl	barrel
bbl/d	barrels per day
boe [(1)]	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CAD or Cdn$	Canadian dollar
GAAP	generally accepted accounting principles
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
USD or US$	United States dollar
WTI	West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States

Note:

(1) COGI has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boe. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil, compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.