Form 13-31
(Rule 13-31)

COURT FILE NUMBER **Q.B. No. 733 of 2021**

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE **SASKATOON**

APPLICANT **ABBEY RESOURCES CORP.**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ABBEY RESOURCES CORP.

AFFIDAVIT OF JAMES GETTIS

I, James Gettis, of the City of Calgary, in the Province of Alberta, make oath and say as follows:

1. I am the President and sole director of Abbey Resources Corp. (the "**Company**"), and as such, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and whereso stated, I verily believe the same to be true.

2. I obtained a Bachelor of Science in Engineering from the University of Saskatchewan. At present, I am a Professional Engineer and a member of the Association of Professional Engineers and Geoscientists of Alberta. I have been professionally involved in the oil and gas industry in the capacity of engineer, executive, shareholder and founder since 1969.

3. In preparing this Affidavit, I have reviewed relevant documentation and records concerning the Company's financial status and consulted with the Company's management team.

4. I am filing this Affidavit in support of the Company's application for relief pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36.

I. BACKGROUND OF THE COMPANY

5. The Company was incorporated under Alberta's *Business Corporations Act,* RSA 2000, c B-19, on July 14, 2010. The following day, the Company was extra-provincially registered under Saskatchewan's *The Business Corporations Act*, RSS 1978, c B-10. Attached, collectively, as Exhibit "**A**" to this Affidavit are copies of corporate registry search results for the Company in the provinces of Saskatchewan and Alberta.

6. Saskatchewan is the jurisdiction in which the Company principally conducts its business , although the Company is registered in Alberta and maintains a registered office in Calgary, Alberta, whereat four of

its employees (inclusive of myself) perform managerial and administrative functions.. The vast majority of the Company's employees are based out of and reside in Saskatchewan, and that province is the sole jurisdiction in which the Company carries on its natural gas extraction business. As is set out in greater detail below, substantially all of the Company's debts or liabilities are owed to persons or municipalities located within Saskatchewan, including the Province of Saskatchewan itself, by way of obligations owing to the Crown in right of Saskatchewan and the Province's Ministry of Energy and Resources (the "**MOE**").

7. The Company's ownership group is comprised of fewer than 20 shareholders, all of whom are natural persons or privately owned corporations. The Company has been privately held since its incorporation and has never been a reporting issuer of securities in any jurisdiction.

II. BUSINESS OF THE COMPANY

8. The Company's business is centered on the extraction and sale of natural gas from shallow gas wells in the Milk River Formation. The company successfully leveraged its expertise, skill, and access to proprietary technology to operate natural gas wells at a significantly reduced cost, compared to other operators in the oil and gas industry.

9. The whole of the Company's operations are directly or indirectly connected to natural gas extraction or the transit and sale of natural gas. The Company is not involved in the business of oil extraction.

10. The Company employs 21 full-time employees as of July 2021. 17 of the Company's employees are based in the Swift Current, Saskatchewan area. The remaining four employees are based in Calgary.

11. The Company relies on Ceridian Payroll Services as a payroll processing service provider. In addition to salary or wages, the Company provides its employees with access to a benefit plan. The Company does not sponsor registered retirement savings or registered pension plans for its employees at this time.

12. The Company is current on all of its obligations to pay all employee wages, vacation pay, and overtime pay. The Company is also current on its obligation to make remittances for employee source deductions for Canada Pension Plan contributions and income taxes.

13. The Company leases office space in Calgary. Additionally, the Company leases a facility in Swift Current.

14. The Company is a licensee under the *Oil and Gas Conservation Act*, RSS 1978, c 0-2 (the "**O&G Act**").

15. The Company owns and operates 2,344 natural gas wells (collectively, the "**Abbey Wells**"),7 natural gas compressor stations, and associated natural gas pipelines in southwestern Saskatchewan. Specifically, the Company: holds the mineral leases to the mineral titles over which the Abbey Wells are situated; holds the surface leases to the lands immediately surrounding the Abbey Wells and Compressor Stations; and, owns or rents the tangible assets utilized in its natural gas extraction business.

16. The majority of the Abbey Wells are located in the vicinity of Swift Current, within the following Rural Municipalities:

    i. Rural Municipality of Lacadena No. 228 (the "**R.M. of Lacadena**");

    ii. Rural Municipality of Miry Creek No. 229 (the "**R.M. of Miry Creek**");

    iii. Rural Municipality of Riverside No. 168 (the "**R.M. of Riverside**");

    iv. Rural Municipality of Clinworth No. 230 (the "**R.M. of Clinworth**"); and

    v. Rural Municipality of Snipe Lake No. 259 (the "**R.M. of Snipe Lake**").

    (collectively, the "**Creditor R.M.s**")

17. Additionally, 100 of the Abbey Wells are sited on the Carry the Kettle First Nation ("**CTK First Nation**") Reserve.

<u>Acquisition of Natural Gas Assets</u>

18. The Company acquired the Natural Gas Assets in three separate transactions that closed between 2016-2017.

19. First, pursuant to an Asset Purchase and Sale Agreement dated June 22, 2016, (the "**Husky APA**"), the Company acquired natural gas assets from Husky Oil Operations Ltd. ("**Husky**") in a transaction that closed on August 4, 2016 (the "**Husky Transaction**"). Such assets included 879 natural gas wells, 7 compressor stations, a water disposal facility, and natural gas pipelines (collectively, the "**Husky Assets**"). In exchange for the assets acquired from Husky, the Company paid Husky nominal consideration in the amount of $10.00 and agreed to assume all liabilities and obligations broadly relating to the Husky Assets. Such assumed liabilities include all environmental liabilities, inclusive of all remediation and abandonment obligations. Additionally, the Company agreed to provide Husky and all of its officers, directors, and employees with a comprehensive indemnity in respect of liabilities relating to the Husky Assets.

20. The terms of the Husky APA enabled Husky to pay to any regulatory authority any security deposit required as a condition of regulatory approval for the transfer of the Husky Assets to the Company. On or about, August 4, 2016, Husky paid a deposit to the MOE in the amount of $11,337,831. The MOE continues to hold this sum deposited by Husky.

21. The Husky APA also provided that Husky would pay to the Company the sum of $315,846.00 to secure the Company's release of Husky (and all of its employees, officers, directors, shareholders, successors and assigns) from all possible claims or causes of action in respect of the Husky Assets or the Husky APA. The Company allocated these funds towards operational costs.

22. In the second transaction, pursuant to an Asset Purchase and Sale Agreement dated February 8, 2017, (the "**Enerplus APA**"), the Company acquired natural gas assets from Enerplus Corporation ("**Enerplus**") in a transaction that closed on March 1, 2017**,** (the "**Enerplus Transaction**"). Such assets included 1,365 natural gas wells, as well as related equipment and natural gas pipeline infrastructure (collectively, the "**Enerplus Assets**"). In exchange for the assets acquired from Enerplus, the Company paid Enerplus nominal consideration in the amount of $10.00, and agreed to assume all liabilities and obligations broadly relating to the Enerplus Assets. Such assumed liabilities include all environmental liabilities, inclusive of all remediation and abandonment obligations. Additionally, the Company agreed to provide Enerplus and all its officers, directors, and employees with a comprehensive indemnity in respect of liabilities relating to the Enerplus Assets.

23. The terms of the Enrplus APA enabled Enerplus to pay to any regulatory authority any security deposit required as a condition of regulatory approval for the transfer of the Enerplus Assets to the Company. On or about March 1, 2017, Enerplus paid a deposit to the MOE in the amount of $16,322,771. The MOE continues to hold this sum deposited by Enerplus.

24. The Enerplus APA also provided that Enerplus would pay to the Company the sum of $400,000.00 to secure the Company's release of Enerplus (and all of its employees, officers, directors, shareholders, successors and assigns) from all possible claims or causes of action in respect of the Enerplus Assets or the Enerplus APA. The Company allocated these funds towards operational costs.

25. In the third transaction, pursuant to an Agreement of Purchase and Sale dated October 18, 2017, (the "**Shackleton APA**"), the Company acquired natural gas assets from Shackleton 2011 Limited Partnership ("**Shackleton LP**") in a transaction that closed on November 1, 2017 (the "**Shackleton LP Transaction**"). Such assets included 100 natural gas wells, related equipment, and natural gas pipeline infrastructure (collectively, the "**Shackleton LP Assets**"). In exchange for the assets acquired from Shackleton, the Company paid Shackleton LP consideration in the amount of $1,600,000 and agreed to assume all liabilities and obligations broadly relating to the Shackleton LP Assets. Such assumed liabilities include all environmental liabilities, inclusive of all remediation and abandonment obligations.

Additionally, the Company agreed to provide Shackleton LP Assets and its general partner, and all of its officers, directors, and employees with a comprehensive indemnity in respect of liabilities relating to the Shackleton LP Assets.

26. The Company funded the Shackleton LP Transaction by entering into a pre-paid natural gas sales agreement with Twin Eagle Resources Management Canada, LLC ("**Twin Eagle**").

27. As Shackleton LP maintained a Licensee Liability Rating ("**LLR**") in excess of 1.0 at the time of the Shackleton LP Transaction, it was unnecessary for the Company or Shackleton LP to furnish a deposit with the MOE to obtain regulatory approval for the transfer of the licenses included in the Shackleton LP Assets.

i. Operations of the Company

28. 1,332 of the 2,344 Abbey Wells are currently productive. The Company estimates that approximately 400 of the currently unproductive Abbey Wells could become productive, with additional capital investment. Approximately 600 of the Abbey Wells are currently unproductive, are unlikely to become productive again in the future, and are in need of decommissioning.

29. For the Company's fiscal year ending October 31, 2020, the Company's daily production averaged 12,924 GJ/day (i.e. gigajoules *per* day). The Company's daily production for its previous fiscal year averaged 14,039 GJ/day. The Company's current average daily production of natural gas ranges between 11,072 GJ/day to 11,245 GJ/day. I am attaching copies of the Company's Weekly Gas Bulletins, dated May 31, 2021, and June 30, 2021, as Exhibit "**B**" of this Affidavit. The Weekly Gas Bulletins are reflective of the Company's current natural gas production. Gradually declining average production is generally expected and ordinary for shallow natural gas wells. Most of the decline in the Company's production is attributable to the depletion of natural gas in the Milk River Formation as a result of production. A portion of the decline in production is attributable to the Company having shut-in certain productive wells due to access disputes with surface rights owners.

30. Throughout its operational life, the Company has consistently generated significant cash flows from sales of natural gas. Gross natural gas revenues for the Company's fiscal years of 2016 through 2020 are as follows:

Fiscal Year	**Gross Natural Gas Sales Revenue**
2016	$1,394,431
2017	$9,294,300
2018	$10,066,461
2019	$8,030,636
2020	$9,930,966

31. The Company uses proprietary Smart Well Optimization Technology ("SWOT") tools to increase production. The SWOT tool is an instrument containing a downhole pump and sensors that is inserted into a well bore. The SWOT tool separates oil, gas, and water extracted from the well, which enables dry gas to be pumped directly out of the well. The SWOT incorporates data-analytics software that enables the tool to optimize production and provides the operator with data. Optimum Petroleum Services Inc. ("**Optimum PSI**"), a related party to Abbey discussed below, holds a registered patent relating the SWOT technology and has granted the Company exclusive access to the SWOT tool. The Company has successfully installed a SWOT tool in one of the Abbey Wells and seeks to install it in other wells, but has been unable to do so due to a lack of available capital.

32. The Company uses a proprietary Sonic Simulation Tool ("**SST**"), which is also patented by Optimum PSI. The SST affixes to the head of a coiled tubing unit and uses sound to generate pressure in a bore hole to open up perforations, thereby increasing natural gas flow. Use of the SST enables the Company to avoid hydraulic fracturing (and the resulting environmental damage associated therewith). The Company's surface use requirements have bene decreased due to the fact the Company does not need to engage in hydraulic fracturing to improve production. As is discussed below, this has enabled the Company to reduce the acreage rented by the Company under its surface leases.

<u>Cash management</u>

33. The Company administers its cash management system (the "**Cash Management System**") from its Calgary office. The Company maintains a bank account with a Canadian Western Bank branch located in Calgary. The Company's revenues and expenses generally flow through the Company's bank account. Additionally, the Company maintains a credit card with Canadian Western Bank with a credit limit in the amount of $20,000.

34. The Company seeks to maintain management and control of its Cash Management System throughout the course of these proceedings, so as to avoid operational disruptions and avoid the costs that would result from implementing an alternative to the Cash Management System. The Cash Management System includes sophisticated accounting controls, administered by Twyla Paget-Turcotte, an experienced Chartered Professional Accountant who serves as the Company's Chief Financial Officer. Such Controls will enable the Proposed Monitor to supervise the Company's transaction, and to ensure that funds receipted and disbursed by the Company throughout these proceedings are documented and ascertainable.

<u>Relationships with Optimum PSI</u>

35. The Company maintains contractual relationships with Optimum PSI. Optimum PSI, a corporation of which I am also an officer and director, has shareholders in common with the Company.

36. Optimum PSI is the owner of technology and intellectual property exclusively used by the Company. A stated, Optimum PSI holds patents relating to the SWOT tool and the SST. In exchange for the exclusive use of such intellectual property and technology, the Company has previously paid operational expenses on Optimum PSI's behalf. The Company has not paid any such expenses on Optimum PSI's behalf for approximately one year.

37. On the advice of its tax advisors, the Company entered into a Purchase and Sale Agreement (the "**Optimum PSA**") dated November 1, 2020, with Optimum PSI. The terms of the Optimum PSA provided that the Company would transfer its interest in certain assets - principally, the tangible assets acquired in the Enerplus Transaction and the Husky Transaction - in exchange for consideration in the amount of $5,206,063 provided by Optimum PSA to the Company in the form of a Promissory Note. Concurrent with the Optimum PSA, the Company also entered into a separate agreement entitling the Company to the exclusive use of the assets transferred under the Optimum PSA.

Relationship with Bluestone Resources

38. I provide my managerial services to the Company through an independent consulting firm and holding company, Bluestone Resources Inc. ("**Bluestone**"), a private corporation of which I am a shareholder, officer, and director. Additionally, my spouse Barbara Gettis, who is also an officer of Bluestone, provides secretarial services to the Company through Bluestone. Bluestone is paid $27,000 *per* month by the Company for the services provided by myself and Barbara to the Company through Bluestone.

Relationship with Twin Eagle

39. The Company maintains a longstanding relationship with Twin Eagle, a midstream energy marking company. The Company exclusively sells the natural gas it produces to Twin Eagle pursuant to the terms of GasEDI Base Contract for Sale and Purchase of Natural Gas (the "**Base Gas Sale Contract**") dated August 23, 2016. The Base Gas Sale Contract has been modified at various times subsequent to August 23, 2016, to account for the Company's increased natural gas production following its acquisition of the Enerplus and Assets and the Shackleton LP Assets, and to facilitate the prepaid natural gas sale agreements described below.

40. Additionally, the Company regularly implements commodity prices hedges to manage risks associated with natural resource price volatility. Twin Eagle acts as the Company's sole hedging counterparty.

41. Between 2016 and 2017, the Company entered into three pre-paid natural gas sale agreements with Twin Eagle. The first two pre-paid gas agreements were concluded for $1,750,000 and $1,000,000 under a four-year term and two-year term, respectively. The Company successfully delivered gas to Twin Eagle in accordance with provisions of the first two pre-paid gas sale agreements, both of which

have now expired. The Company allocated the aggregate $2,750,000 received from Twin Eagle towards its operational and fixed costs.

42. On November 1, 2017, the Company and Twin Eagle entered into a third pre-paid natural gas sale agreement (the "**November 2017 Prepaid Gas Agreement**"), pursuant to which Twin Eagle agreed to pay the Company $1,750,000 in exchange for the Company's covenant to deliver 804 GJ/day of natural gas to Twin Eagle for a period of 4 years (corresponding to total a prepaid volume of 1,174,644 GJ). The Company remains contractually bound to continue to deliver natural gas to Twin Eagle under the terms of the November 2017 Prepaid Gas Agreement until October 31, 2021. This is to say, the Company will be free to sell all of the gas it produces at market prices as of November 1, 2021, provided that it continues to comply with its obligations to Twin Eagle owing pursuant to the November 2017 Prepaid Gas Agreement. As stated, the Company utilized the majority of the $1,750,000 received pursuant to the November 2017 Prepaid Gas Agreement to pay Shackleton LP the $1,600,000 purchase price in the Shackleton LP Transaction. Contemporaneous with the November 2017 Prepaid Gas Agreement, the Company entered into a Second Amended and Restated Fixed and Floating Charge Demand Debenture and Negative Pledge dated November 1, 2017, (the "**Twin Eagle Debenture**").

III. INSOLVENCY OF THE COMPANY

43. Since beginning operations in 2016, the Company has been successful in reducing operating costs relative to the operating costs of Husky and Enerplus. However, the Company has not yet succeeded in reducing its total costs so as to become profitable. High fixed costs, comprised of municipal taxes, surface lease payments, mineral lease payments and MOE levies, do not presently allow the Company to operate at a profit.

44. Company has operated at a loss since commencing operations in 2016. As of its 2020 fiscal year end, the Company's retained earnings deficit stood at ($15,319,746).

45. As a result of its net year-on-year losses, the Company is presently unable to pay its liabilities generally as they become due.

Municipal Tax Issues

46. The Saskatchewan Assessment Management Agency ("**SAMA**") is the entity responsible for assessing property values for municipal tax purposes in Saskatchewan. The Aggregate values ascribed to Abbey's assets sited within the Creditor R.M.s and on the CTK First Nation by SAMA for the below tax years are as follows:

Tax Year	Aggregate Assessed Value
2017	$111,224,000
2018	$102,648,025
2019	$99,090,450
2020	$94,381,390

47. In other words, the Company is currently being taxed by the Creditor R.M.s as though its assets are valued at approximately $90,000,000. The Company takes issue with the metrics used by SAMA to calculate, which the Company views as grossly inaccurate. To this point, I note that, for LLR calculation purposes, the MOE values the Company's assets at $45,582,067 (without factoring in decommissioning costs) as of June 2021. As is discussed below, the Company values these assets at approximately $30,000,000.

48. As a consequence of metrics utilized by SAMA, the Company's assets are taxed at a rate disproportionate to the income they can be expected to generate at their highest and best use. The Company brought forward an Application for Judicial Review challenging the assessment framework used by SAMA. Unfortunately, the Company's Application was dismissed in the reported decision of *Abbey Resources Corp. v Saskatchewan Assessment Management Agency* (2021 SKQB 100). The decision in this matter is presently under appeal by the Company; the Company perfected its appeal in June, but the matter has not yet been set down for a hearing before the Court of Appeal for Saskatchewan.

49. I am attaching an internally prepared spreadsheet detailing SAMA assessment values, mill and levy rates, and total taxes levied as Exhibit "**C**". I emphasize that aggregate taxes levied by the Creditor RMs and CTK First Nation for the tax years of 2017 through to 2020 are as follows:

Tax Year	Aggregate Taxes Levied
2017	$2,792,957
2018	$2,306,937
2019	$2,223,619
2020	$2,098,413

50. In light of the other difficulties discussed herein in reducing its fixed costs, the Company suspended payments of municipal taxes to the Creditor R.M.s and CTK First Nation for taxes assessed in the 2018 tax year and onwards.

51. Certain of the Creditor R.M.s have proceeded to take enforcement steps against the Company. In early 2021, the R.M. of Lacadena exercised its right under section 317 of *The Municipalities Act*, SS 2005, c M-36.1 (the "***Municipalities Act***"), to intercept payments to Company in respect of its sales by way of serving a seizure notice on Twin Eagle. On or about May 12, 2021, the Company entered into Minutes of Settlement with the R.M. of Lacadena, pursuant to which it agreed to provide Twin Eagle with a

direction to make monthly payments in the amount of $100,000 out of natural gas sale proceeds to the R.M. of Lacedena until present and future municipal tax arrears owing to the R.M. of Lacadena are paid in full.

52. In 2020, the R.M. of Miry Creek commenced a debt enforcement action against the Company in the matter of Q.B. No. 86 of 2020 in the Judicial Centre of Swift Current to obtain a judgment for tax arrears. At a mandatory mediation occurring on May 12, 2021, the R.M. of Miry Creek and the Company agreed that the Company would make payment of tax arrears owing to the R.M. in monthly installments of $60,000 until such indebtedness was retired. The Company made payment of the first $60,000 installment amount, however, the R.M. of Miry Creek resiled from the agreement it reached at mediation and proceeded bring forward an Application for Summary Judgment seeking judgment of approximately $1,440,000. The Application for Summary Judgment is scheduled to be heard on July 15, 2021. The Company intends to adjourn that matter pending the resolution of these proceedings.

53. On April 22, 2021, the Company received a correspondence containing a Demand for Payment and Notice of Enforcement from legal counsel for CTK First Nation. Therein, CTK First Nation's counsel indicated that CTK First Nation would exercise its enforcement rights if the Company did not promptly pay in excess of $330,000 of tax arrears. The Company and CTK First Nation have been in discussions regarding a potential forbearance agreement, but no such arrangement has been concluded as at this time.

Surface Lease Issues

54. The Company is required to pay the owners of surface rights or the Crown for the right to access the lands on which its natural gas extraction assets are sited. Such leasehold rights were assigned to the Company in its three natural gas asset acquisitions between 2016 and 2017.

55. The Company's cash flow has been insufficient to allow for payment of value of the leases originally assigned to it in addition to payment of its other operating costs. Accordingly, the Company suspended full payments to surface rights holders in 2018.

56. The Company is making efforts to reduce its annual surface lease payables by engaging in negotiations with surface rights holders. Generally, the Company only utilizes a fraction of the acreage leased under the original surface leases assigned to in its three acquisitions. With the assistance of its land management contractor, Millennium Land Ltd., the Company has been renegotiating surfaces leases such that the acreage rented thereunder accurately corresponds to the acreage used and accessed by the Company. As a representative sample, I am attaching a copy of an amended surface lease recently concluded with a private landowner as Exhibit "**D**" of this Affidavit.

57. Thus far, Company has been successful in amending the surface leases to 1,377 of the 2,363 Abbey Wells, which will result in annual savings of approximately $2,000,000 in fixed costs going forward.

58. The Company remains in discussions with the remaining surface rights holders who have yet to agree to the amended lease terms offered by the Company. Approximately 480 surface rights holders have declined to accept the Company's proposal. Six of these surface rights holders have denied the Company access to its assets.

Mineral Lease Issues

59. The Company is required to make payments to the Crown and freehold mineral title owners. The Company's cash flow has been insufficient to allow for payment of mineral lease amounts in addition to payment of its other operating costs.

Well Levy Issues

60. Regulations made under the O&G Act require the Company to make annual payments of an Administrative Levy and an Orphan Fund Levy to the MOE. The Company's cash flow has been insufficient to allow for payment of such levy amounts in addition to payment of its other operating costs. Accordingly, the Company suspended full payment such levy amounts to the MOE in 2018.

61. The Company has been engaged in discussions with the MOE in an attempt to conclude an arrangement that would allow it to pay off levy arrears over the course of several years. The MOE declined the Company's most recent proposal and, on May 13, 2021, sent the Company letter requesting a lump sum payment of $550,000 to be allocated MOE levies by July 13, 2021. I am attaching a copy of the MOE's May 13, 2021, letter as Exhibit "**E**" of this Affidavit. The Company is not currently in a position to make payment of this amount requested by the MOE.

LLR Deposit Issues

62. Licensees under the O&G Act are required maintain a LLR of 1.0 or greater. A licensee's LLR is calculated as the ratio of a Licensee's deemed well asset value to its deemed decommissioning liabilities. If a Licensee's LLR falls below 1.0, it may be adjusted by provision of a security deposit to the MOE. As I noted above, both Husky and Enerplus provided security deposits to the MOE to ensure that the LLR in respect of their respective assets exceeded 1.0 at the time of the transfer of their licenses to the Company.

63. The Company maintained an adjusted LLR of 1.0 or greater until late-2020. On December 30, 2020, the Company received a Security Deposit Invoice from the MOE for an additional deposit amount of $1,025,506, due and payable on January 29, 2021. This amount has not been paid to the MOE.

64. The MOE publishes Security Deposit Summary, which contains details pertaining to the LLRs of licensees in Saskatchewan. The Company obtained and reviewed the MOE's Security Deposit Summary, dated June 28, 2021, an excerpted copy of which (sorted to show the Company's information in the first line), is attached as Exhibit "**F**" of this Affidavit. Upon review of the Security Deposit Summary, it appears that the MOE has further adjusted the Company's deemed well asset value, such that a total additional security deposit in the amount of $6,046,330 would be required for the Company to reach an adjusted LLR of 1.0. The MOE has not presently demanded a deposit in this amount from the Company.

IV. ASSETS OF THE COMPANY

65. Attached as Exhibit "**G**" to this Affidavit is a copy of the Company's most recent unaudited Financial Statement for its fiscal year ending on October 31, 2020, (the "**2020 Financial Statement**"). I am also attaching copies of the Company's unaudited Financial Statements for fiscal years 2016 through 2019, collectively, as Exhibit "**H**" of this Affidavit.

66. I am attaching a copy of a Net Operations Summary for the Company's most recent complete fiscal year dating from as Exhibit "**I**" of this Affidavit.

67. In its 2020 Financial Statements, the Company reported total assets with a book value of $29,971,430. This figure included cash in the amount of $449,804, accounts receivable in the amount of $859,412, and prepaid expenses in the amount of $14,232.

V. LIABILITIES OF THE COMPANY

68. In its 2020 Financial Statement, the Company listed a book value for total liabilities in the aggregate amount of approximately $43,878,758. The Company's major liabilities are comprised of: municipal tax arrears, surface lease arrears, royalty arrears, and decommissioning liabilities.

i. Secured debts

69. I am attaching copies of recent Personal Property Security Registry ("**PPR**") reports for both the Provinces of Saskatchewan and Alberta, collectively, as Exhibit "**J**" of this Affidavit.

70. I note that the PPR report for Alberta shows five registrations, three of which are for motor vehicle leases for trucks used in the Company's operations. An entry dating from 2016 relates to credit facilities with Canadian Western Bank in the amounts of $7,500 and $20,000. Balances owing under these credit facilities are paid down monthly. The remaining entry in the PPR report for Alberta relates to the Twin Eagle Debenture.

71. I note that the PPR report for Saskatchewan shows five registrations. The first entry dating from 2016 is a registration in all of the Company's present and after-acquired property relating to the Twin Eagle Debenture. Two entries are for vehicle or equipment leases. One entry relates to costs assessed in proceedings before the Court of Appeal for Saskatchewan in a dispute between the Company and a surface rights owner. One entry is a commercial lien for repairs to a semi-trailer truck.

72. The Company does not currently owe material amounts to any amounts to any bank, financial institution, or other lender pursuant to any conventional secured financing facility. This is to say, the Company currently has no material secured bank debt outside of balances owing its two credit facilities with Canadian Western Bank.

ii. Other liabilities

73. The Company's accounting department is presently reviewing its accounting records and is in the process of generating reports that will show up date amounts for all of the following:

    i. aggregate municipal tax arrears to the Creditor R.M.s and the CTK First Nation;

    ii. aggregate amounts owing to surface rights owners for surface lease arrears.

    iii. aggregate amounts owing to the Crown and freehold mineral title holders for mineral lease arrears;

    iv. aggregate amounts owing to the Crown and to freehold mineral title holders for royalty arrears;

    v. aggregate to the MOE for Administrative Levy and an Orphan Fund Levy arrears; and

    vi. aggregate to trade creditors.

74. The Company intends to file further affidavit evidence including all of the above figures, which will confirm the current aggregate indebtedness owing by the Company, immediately following completion of the said accounting reports.

75. The Company currently owes an LLR security deposit in the amount $1,025,506 to the MOE. Though, as is stated above, the MOE's Security Deposit Summary appears to indicate that an additional security deposit in the amount of $6,046,330 may be owing to the MOE. However, the MOE has not yet demanded the latter figure from the Company.

iii. Decommissioning liabilities

76. The Company calculates its future liability owing in respect of decommissioning obligations at $28,354,604 as of the end of its 2020 fiscal year. This figure corresponds to the estimated future costs to abandon and reclaim the Abbey Wells and other facilities discounting future cash flows using an average rate of 1.25% and factoring in inflation at a rate of 2%. The undiscounted, uninflated total future liability at October 31, 2020, is valued at $21,602,810.

77. I note that the formula used by the MOE to quantify the Company's decommissioning liabilities results in a valuation of $79,289,000. The Company takes the position that this figure does not accurately reflect the actual future costs of decommissioning the Company's natural gas assets.

VI. RESTRUCTURING UNDER THE CCAA

78. The Company requires remedies available to it under the CCAA in order to restructure its affairs. Though the Company has no bank debt, the Company does not anticipate that re-financing its indebtedness if feasible given the statutory super-priority charges of certain of its creditors and uncertainties surrounding decommissioning costs.

79. In the lead up to these proceedings, the Company has endeavoured to act in good faith and to remain honest and forthright with all of its stakeholders about its fiscal status and the necessity for restructuring.

80. Prior to making its Application for relief under the CCAA, the Company attempted to restructure its affairs outside of formal insolvency proceedings by way of agreement. As is noted above, the Company has attempted (unsuccessfully) to come to agreements to address its taxation issue with the Creditor R.M.s and with the CTK First Nation. The Company has also only been partially successful in concluding agreements to reduce rental amounts payable to surface rights owners.

81. Without immediate creditor protection and a successful restructuring (or a very significant and sustained increase in natural gas prices beginning in the near-term), the Company will not be able to continue to carry on business as a going concern. If the Company does not enter CCAA proceedings, it will not be able to continue to carry on its natural gas extraction business.

<u>Relief Sought in CCAA Proceedings</u>

82. Given the status of the Company's finances, and the ongoing enforcement actions, the Company anticipates that it will suffer material adverse consequences if it does not imminently obtain relief under the CCAA. In particular, the Company is concerned that:

    i. ongoing or further garnishment of natural gas sales revenues by the Creditor R.M.s under section 317 of the *Municipalities Act* will leave the Company without any cash flow with which to fund its operating costs;

ii. continued accumulation of past rental arrears owing to surface rights holders could in loss of access to Abbey Wells; and

iii. the Company's ongoing default in its obligation to remit levies, or mineral lease payments could result in the cancellation of the Company's mineral leases or the cancellation of its licenses under the O&G Act.

83. The Company is seeking authorization to continue to remain in control of its business and affairs and to pay all expenses reasonably incurred in connection with its natural gas extraction business.

Cash Flow Statement

84. A copy of the Company's 13-week cash flow forecast (the "**Cash Flow Statement**") is attached as Exhibit "**K**" to this Affidavit. As is shown in the Cash Flow Statement, the Company seeks to use cash inflows generated from natural gas sales to fund its operating costs, employee and contractor remuneration, post-filing surface and mineral lease payments, post-filing royalty payments, and the professional costs of restructuring.

85. Fortunately, the Company's projected cash inflows are sufficient to fund its projected cash outflows. Accordingly, the Company does not presently anticipate that it will require interim financing to fund its operational costs or the professional costs of restructuring throughout the course of these proceedings.

Opportunities for Restructuring

86. Chiefly, the company wishes to come to an arrangement with its stakeholders, treating all of them fairly and equitably, that would compromise its pre-filing indebtedness to a reasonable and manageable level and its reduce fixed costs on a go-forward basis. The Company anticipates that it will be able to carry on business at a profit with stable natural gas prices and a modest reduction in fixed costs.

87. The Company's gross cash inflows will significantly increase in the near future and potentially during the course of these proceedings. Beginning November 1, 2021, the Company will be in a position to sell an additional 804 GJ/day of its production upon the expiry of the November 2017 Prepaid Gas Agreement. At an average $2.50/GJ price, the Company can anticipate generating additional monthly cash flows of approximately $60,000 from the sale of the share of its natural gas production currently delivered to Twin Eagle under the November 2017 Prepaid Gas Agreement. This figure increase to approximately $75,000 *per* month if average prices reach $3.00/GJ (i.e. the high price for natural gas reached so far in 2021).

88. The Company estimates that the majority of the unproductive Abbey Wells can be abandoned and reclaimed for approximately $10,000 *per* well. The Company will to explore the possibility of using free

cash flow to decommission an abandon unproductive assets during the course of these proceedings. Abandonment of unproductive wells would have the effect of decreasing the Company's fixed costs (principally, by decreasing surface and mineral lease payments, municipal taxes) and would also improve the Company's LLR.

89. Additionally, the Company wishes to investigate the prospect of obtaining funding through the Province of Saskatchewan's Accelerated Site Closure Program ("**ASCP**") to pay for decommissioning costs. The Company has been advised that it may be able to apply for funding from through the ASCP in the amounts of $4,000,000 to $6,000,000, but that it is not presently eligible for such funding given outstanding debts owing to Crown entities. The Company will determine whether it is possible to render itself eligible for ASCP funding during the course of these proceedings.

90. The Company also wishes to explore the possibility of allocating available cash flows during these proceedings towards capital investments that would bring shut-in wells back into production and would increase the Company's output.

91. Finally, I note that the Company's potential value outstrips the indebtedness presently owing to its creditors. The Company's internal analysis of its natural gas reserves shows that roughly 500,000 Mmscf of natural gas remains available for extraction from its assets in the Milk River Formation.

92. I make this Affidavit in support of the Company's Application for an Initial Order under the *CCAA* and for no other or improper purpose.

SWORN before me at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.	))))))	
A Commissioner for Oaths for the Province of Alberta ~~My appointment~~ expires: ______ Or Being a Solicitor		**James Gettis**

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of Firm:	**DLA PIPER (CANADA) LLP**
Name of lawyer in charge of file:	Jerritt R. Pawlyk / Kevin Hoy
Address of legal firm:	Suite 2700 10220 - 103rd Ave NW Edmonton, AB T5J 0K4
Telephone number:	780.429.6835
Facsimile:	780.670.4329
Email:	jerritt.pawlyk@dlapiper.com / kevin.hoy@dlapiper.com

CAN: 37663709.2

THIS IS EXHIBIT "**A**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Government of Alberta

Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2021/07/07
Time of Search: 09:15 AM
Search provided by: DLA PIPER (CANADA) LLP (Calgary)
Service Request Number: 35765989
Customer Reference Number: 107373-00001

Corporate Access Number: 2015479120
Business Number: 801254061
Legal Entity Name: ABBEY RESOURCES CORP.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2010/07/15 YYYY/MM/DD

Registered Office:
Street: 700, 505 - 3RD STREET SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3E6

Records Address:
Street: 700, 505 -3RD STREET SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P3E6

Email Address: JIM.GETTIS@ABBEYR.CA

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
GETTIS	G	JAMES		20 SILVERCREEK PL NW	CALGARY	ALBERTA	T3B5A2	JIM.GETTIS@ABBEYR.CA

Directors:

Last Name: GETTIS
First Name: JAMES
Middle Name: G.

Street/Box Number: 20 SILVERCREEK PLACE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3B5A2

Voting Shareholders:

Last Name: 563735 SASKATCEWAN LTD.
Street: SITE 412, BOX 280, RR 4
City: SASKATOON
Province: SASKATCHEWAN
Postal Code: S7K3J7
Percent Of Voting Shares: 23.08

Legal Entity Name: BARNETT TECHNOLOGIES INC.
Corporate Access Number: 209626829
Street: 351 DIAMOND WILLOW POINT
City: CALGARY
Province: ALBERTA
Postal Code: T3Z2Z5
Percent Of Voting Shares: 3.85

Last Name: BLUESTONE RESOURCES INC.
Street: 20 SILVERCREEK PLACE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3B5A2
Percent Of Voting Shares: 35.89

Last Name: JAMES MAYHEW PROFESSIONAL CORP.
Street: 325 VARSITY ESTATES TERRACE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3B5J4
Percent Of Voting Shares: 4.88

Last Name: KILLI
First Name: JOSEPH
Street: 20 SILVERCREEK PLACE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3B5A2
Percent Of Voting Shares: 13.67

Last Name: SCHINBEIN

First Name:	GEORGE
Street:	20 SILVERCREEK PLACE NW
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3B5A2
Percent Of Voting Shares:	2.01

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SHARE STRUCTURE SCHEDULE ATTACHED
Share Transfers Restrictions:	NO SECURITIES (OTHER THAN NON-CONVERTIBLE DEBT SECURITIES) OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE OTHER PROVISIONS SCHEDULE ATTACHED

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2021/06/22

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2010/07/15	Incorporate Alberta Corporation
2012/01/06	Change Director / Shareholder
2012/10/24	Change Address
2020/02/20	Update BN

2021/06/22	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2010/07/15
Other Rules or Provisions	ELECTRONIC	2010/07/15

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Saskatchewan
Corporate Registry

Information Services Corporation

Profile Report

Entity Number: 101166972

Entity Name: ABBEY RESOURCES CORP.

Report Date: 07-Jul-2021

Entity Details

Entity Type	Business Corporation
Entity Subtype	NWP Corporation
Entity Status	Active
Registration Date	15-Jul-2010
Entity Number in Home Jurisdiction	2015479120
Entity Name in Home Jurisdiction	ABBEY RESOURCES CORP.
Home Jurisdiction	Alberta, Canada
Incorporation/Amalgamation Date in Home Jurisdiction	15-Jul-2010
Nature of Business	Support activities for mining, and oil and gas extraction

Registered Office/Mailing Address

Physical Address	20 SILVERCREEK PLACE NW, CALGARY, Alberta, Canada, T3B 5A2
Mailing Address	ABBEY RESOURCES CORP., 700, 505 3RD STREET SW, CALGARY, Alberta, Canada, T2P 3E6

Power of Attorney

JEAN P. JORDAAN

Physical Address:	
Mailing Address:	51 - 1ST AVENUE N.W., SWIFT CURRENT, Saskatchewan, Canada, S9H 0M5

Previous Entity Names

Type	Name	Effective Until
Registered Name	ABBEY RESOURCES CORP.	07-Feb-2019
Home Jurisdiction Name	ABBEY RESOURCES CORP.	07-Feb-2019

Event History

Type	Date
Notice of Change of Registered Office/Mailing Address	16-Jun-2021
Business Corporation - NWP Restoral	07-Feb-2019
Resignation of PoA	26-Jul-2018

Resignation of PoA	25-Jul-2018
Resignation of PoA	20-Jul-2018
Power of Attorney	28-Sep-2015
Power of Attorney	08-Sep-2015
Notice of Change of Registered Office/Mailing Address	18-Dec-2012
Notice of Change of Directors/Officers	06-Jan-2012
Business Corporation - Annual Return	13-Sep-2011
Business Corporation - Extra-provincial Registration	15-Jul-2010

THIS IS EXHIBIT "B" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Abbey Resources Corp.

Weekly Gas Bulletin

May 31st , 2021

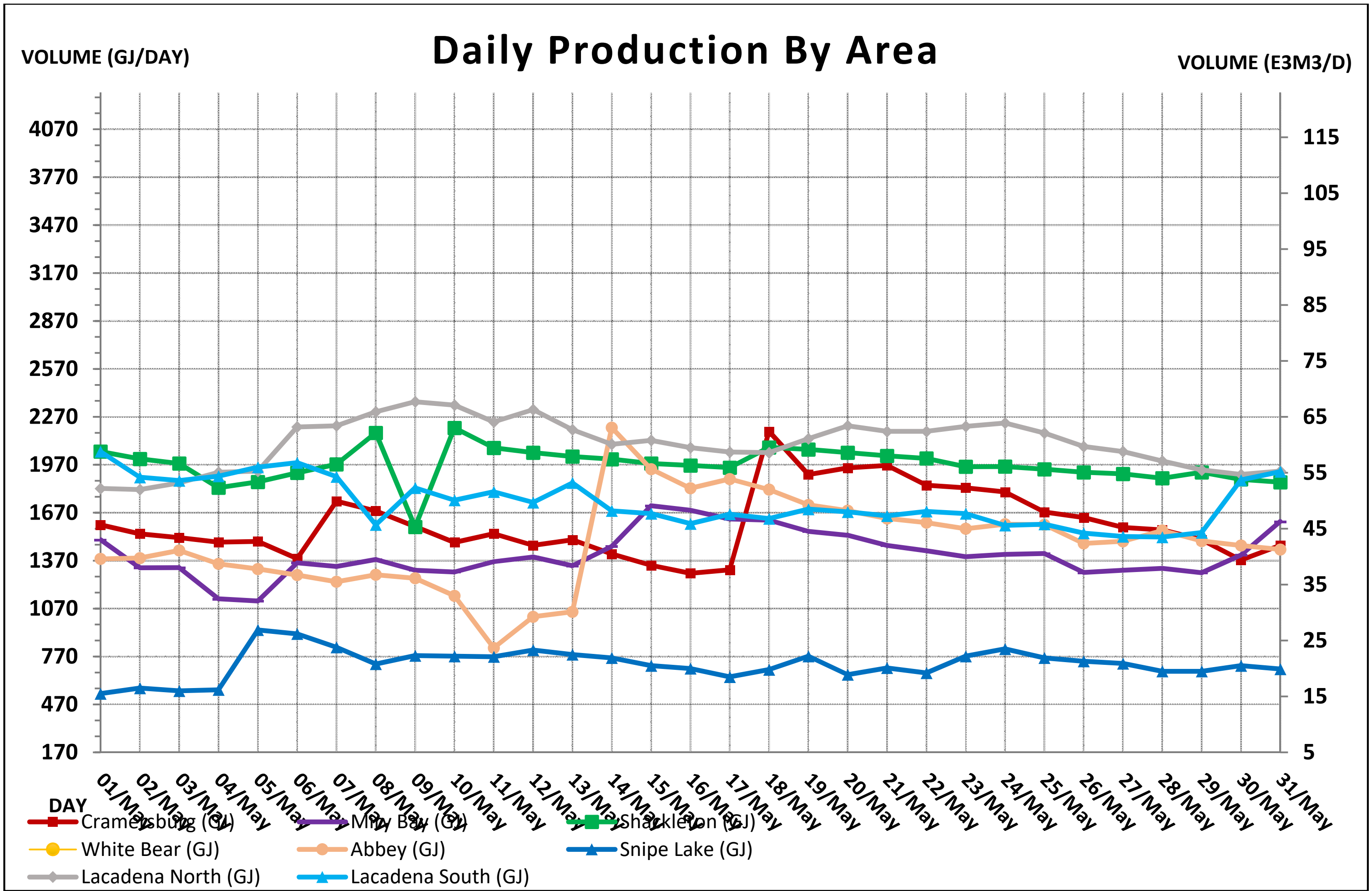
MAY PRODUCTION (GJ/DAY) (red text indicates plant meter reading or estimate)

`	GJs (per day unless total)								
Total	49625	0	43724	45970	61089	22780	65818	54231	343237
Avg	1601		1410	1483	1971	735	2123	1749	11072
Goal	1604	0	1245	1780	2141	707	2293	1780	11550
Avg vs. Goal	-3.4		165.9	-297.1	-170.8	28.0	-170.0	-30.6	-478.1
HF (GJ/e3m3)	35.7	35.7	35.6	35.6	35.7	35.3	35.3	35.2	
	Cramersburg	White Bear	Miry Bay	Abbey	Shackleton	Snipe Lake	Lacadena North	Lacadena South	Total
1-May	1594		1501	1381	2053	548	1842	2067	10986
2-May	1538		1325	1386	2007	583	1835	1906	10579
3-May	1514		1326	1434	1978	565	1877	1885	10579
4-May	1486		1131	1350	1827	573	1944	1913	10223
5-May	1490		1118	1318	1863	951	1951	1969	10660
6-May	1383		1356	1280	1920	926	2230	1997	11092
7-May	1742		1334	1238	1973	841	2237	1909	11274
8-May	1681		1377	1282	2170	735	2325	1607	11177
9-May	1583		1310	1260	1581	788	2388	1839	10749
10-May	1484		1299	1150	2201	785	2367	1762	11047
11-May	1539		1364	824	2076	781	2261	1814	10660
12-May	1466		1393	1019	2046	823	2339	1747	10834
13-May	1500		1338	1050	2022	795	2212	1871	10788
14-May	1412		1459	2203	2005	774	2120	1695	11668
15-May	1341		1714	1943	1978	724	2145	1677	11523
16-May	1291		1685	1823	1966	707	2099	1614	11185
17-May	1313		1631	1881	1952	654	2071	1674	11175
18-May	2179		1623	1815	2079	700	2067	1645	12109
19-May	1909		1553	1719	2066	785	2156	1705	11892
20-May	1951		1529	1683	2046	668	2237	1688	11801
21-May	1966		1465	1634	2026	710	2201	1663	11666
22-May	1842		1432	1608	2010	679	2201	1691	11463
23-May	1826		1395	1570	1958	785	2233	1677	11444
24-May	1800		1409	1598	1959	830	2254	1603	11454
25-May	1674		1415	1595	1942	774	2191	1610	11201
26-May	1640		1296	1478	1923	753	2106	1554	10750
27-May	1578		1310	1491	1913	739	2074	1533	10638
28-May	1562		1322	1559	1886	689	2014	1529	10562
29-May	1501		1294	1493	1923	689	1958	1558	10416
30-May	1374		1405	1465	1879	724	1930	1888	10665
31-May	1466		1615	1440	1861	703	1951	1941	10977

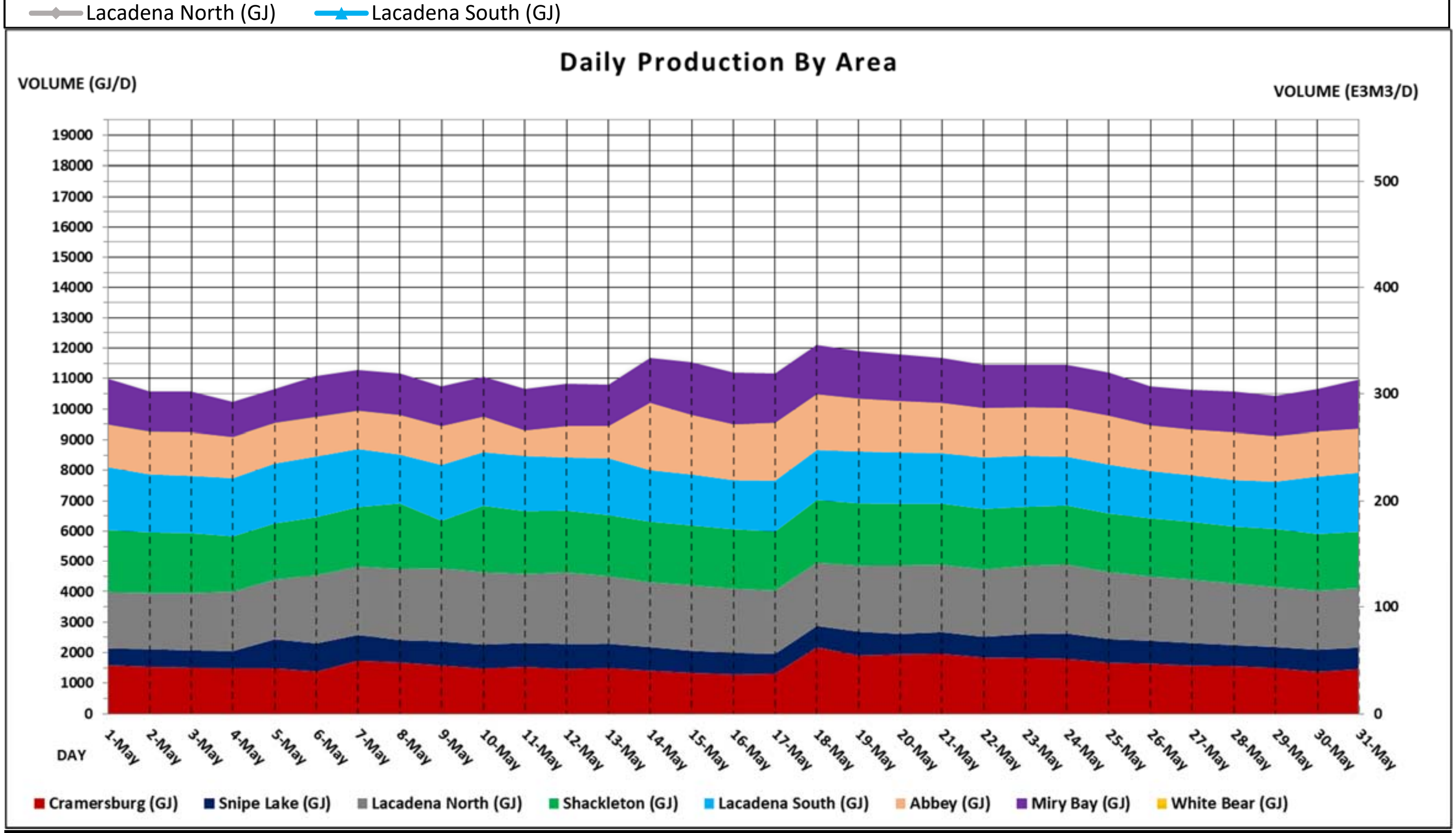
MAY PRODUCTION (E3M3/DAY) (red text indicates plant meter reading or estimate)

	E3M3 (per day unless total)								
Total	1392.0	0.0	1229.6	1291.3	1711.7	644.6	1865.6	1542.4	9677.1
Avg	44.9		39.7	41.7	55.2	20.8	60.2	49.8	312.2
Goal	45.0	0.0	35.0	50.0	60.0	20.0	65.0	50.0	325.0
Avg vs. Goal	-0.10		4.66	-8.35	-4.79	0.79	-4.82	-0.25	-12.83
HF (GJ/e3m3)	35.7	35.7	35.6	35.6	35.7	35.3	35.3	35.6	
	Cramersburg	White Bear	Miry Bay	Abbey	Shackleton	Snipe Lake	Lacadena North	Lacadena South	Total
1-May	44.712		42.210	38.792	57.523	15.500	52.200	58.800	309.738
2-May	43.142		37.261	38.933	56.234	16.500	52.000	54.200	298.269
3-May	42.468		37.289	40.281	55.422	16.000	53.200	53.600	298.260
4-May	41.683		31.805	37.921	51.191	16.200	55.100	54.400	288.301
5-May	41.795		31.440	37.022	52.199	26.900	55.300	56.000	300.657
6-May	38.794		38.133	35.955	53.797	26.200	63.200	56.800	312.878
7-May	48.864		37.514	34.775	55.282	23.800	63.400	54.300	317.935
8-May	47.153		38.723	36.011	60.801	20.800	65.900	45.700	315.089
9-May	44.404		36.839	35.393	44.298	22.300	67.700	52.300	303.234
10-May	41.627		36.530	32.303	61.670	22.200	67.100	50.100	311.530
11-May	43.170		38.358	23.146	58.168	22.100	64.100	51.600	300.641
12-May	41.122		39.173	28.624	57.327	23.300	66.300	49.700	305.546
13-May	42.076		37.627	29.494	56.655	22.500	62.700	53.200	304.251
14-May	39.607		41.029	61.882	56.178	21.900	60.100	48.200	328.897
15-May	37.616		48.200	54.579	55.422	20.500	60.800	47.700	324.816
16-May	36.213		47.385	51.208	55.085	20.000	59.500	45.900	315.291
17-May	36.830		45.866	52.837	54.693	18.500	58.700	47.600	315.027
18-May	61.122		45.641	50.983	58.252	19.800	58.600	46.800	341.198
19-May	53.548		43.673	48.287	57.887	22.200	61.100	48.500	335.195
20-May	54.727		42.998	47.275	57.327	18.900	63.400	48.000	332.627
21-May	55.147		41.198	45.899	56.767	20.100	62.400	47.300	328.811
22-May	51.669		40.270	45.169	56.318	19.200	62.400	48.100	323.126
23-May	51.220		39.229	44.101	54.861	22.200	63.300	47.700	322.612
24-May	50.491		39.623	44.888	54.889	23.500	63.900	45.600	322.891
25-May	46.957		39.792	44.803	54.413	21.900	62.100	45.800	315.765
26-May	46.003		36.445	41.517	53.881	21.300	59.700	44.200	303.046
27-May	44.264		36.839	41.882	53.600	20.900	58.800	43.600	299.885
28-May	43.815		37.177	43.792	52.844	19.500	57.100	43.500	297.728
29-May	42.104		36.389	41.938	53.881	19.500	55.500	44.300	293.612
30-May	38.541		39.511	41.152	52.648	20.500	54.700	53.700	300.752
31-May	41.122		45.416	40.449	52.143	19.900	55.300	55.200	309.531

TRENDS

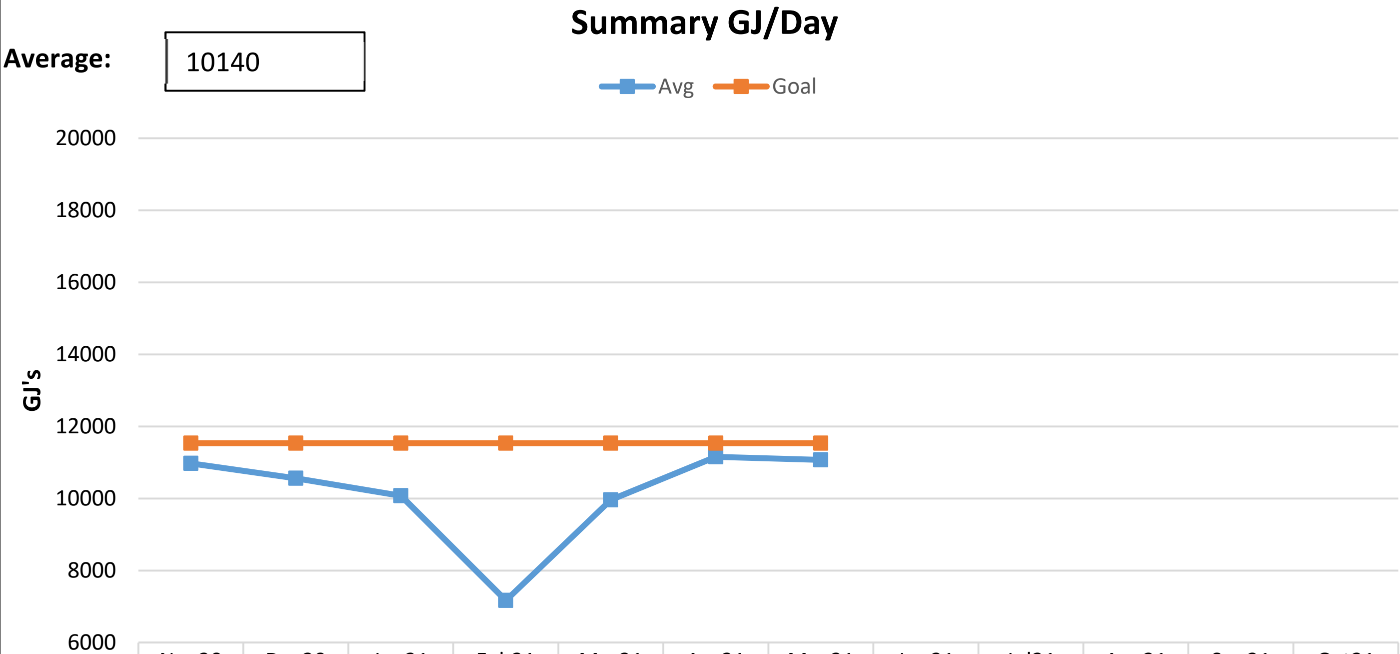


Daily Production By Area
VOLUME (GJ/DAY)
VOLUME (E3M3/D)
4070
3770
3470
3170
2870
2570
2270
1970
1670
1370
1070
770
470
170
115
105
95
85
75
65
55
45
35
25
15
5
DAY
01/May 02/May 03/May 04/May 05/May 06/May 07/May 08/May 09/May 10/May 11/May 12/May 13/May 14/May 15/May 16/May 17/May 18/May 19/May 20/May 21/May 22/May 23/May 24/May 25/May 26/May 27/May 28/May 29/May 30/May 31/May
Cramersburg (GJ)
Miry Bay (GJ)
Shackleton (GJ)
White Bear (GJ)
Abbey (GJ)
Snipe Lake (GJ)
Lacadena North (GJ)
Lacadena South (GJ)



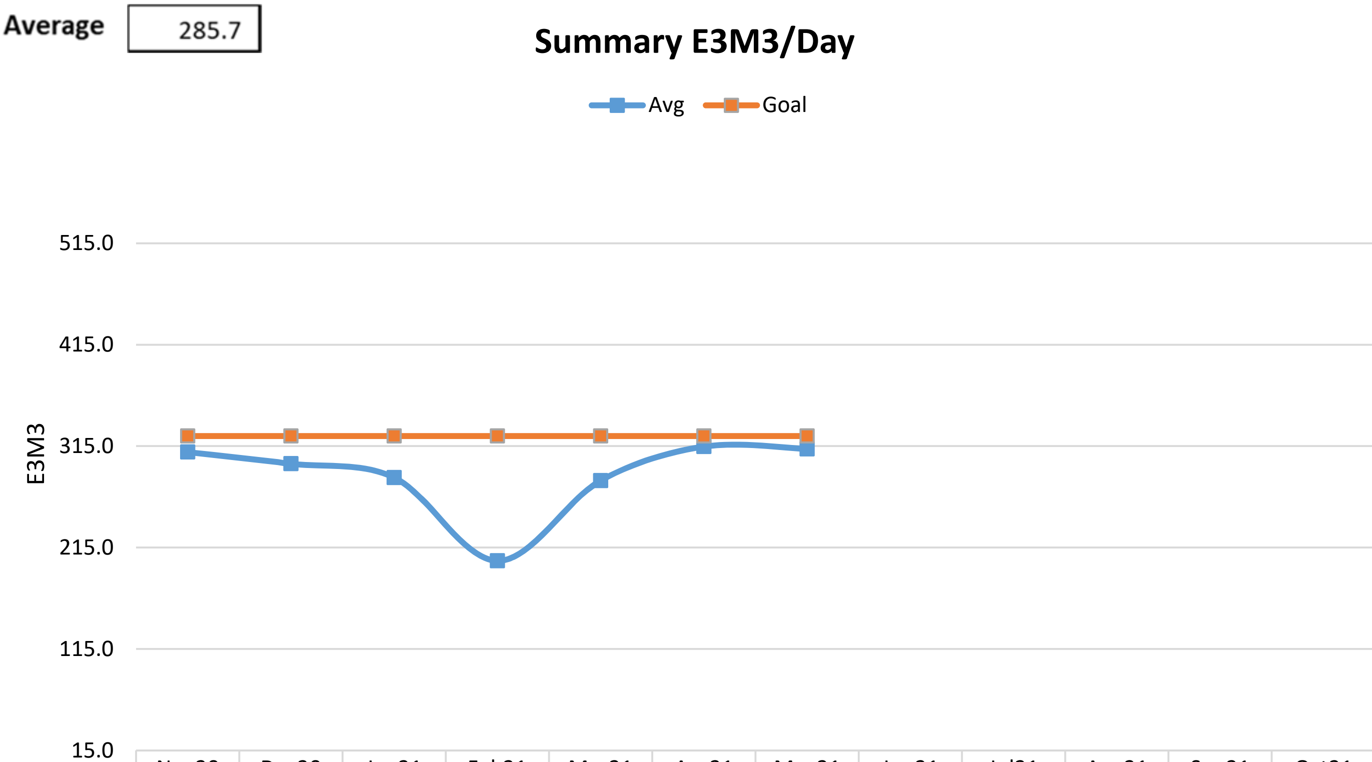
Daily Production By Area
VOLUME (GJ/D)
VOLUME (E3M3/D)
19000
18000
17000
16000
15000
14000
13000
12000
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
500
400
300
200
100
0
DAY
1-May 2-May 3-May 4-May 5-May 6-May 7-May 8-May 9-May 10-May 11-May 12-May 13-May 14-May 15-May 16-May 17-May 18-May 19-May 20-May 21-May 22-May 23-May 24-May 25-May 26-May 27-May 28-May 29-May 30-May 31-May
Cramersburg (GJ)
Snipe Lake (GJ)
Lacadena North (GJ)
Shackleton (GJ)
Lacadena South (GJ)
Abbey (GJ)
Miry Bay (GJ)
White Bear (GJ)

Average: 10140



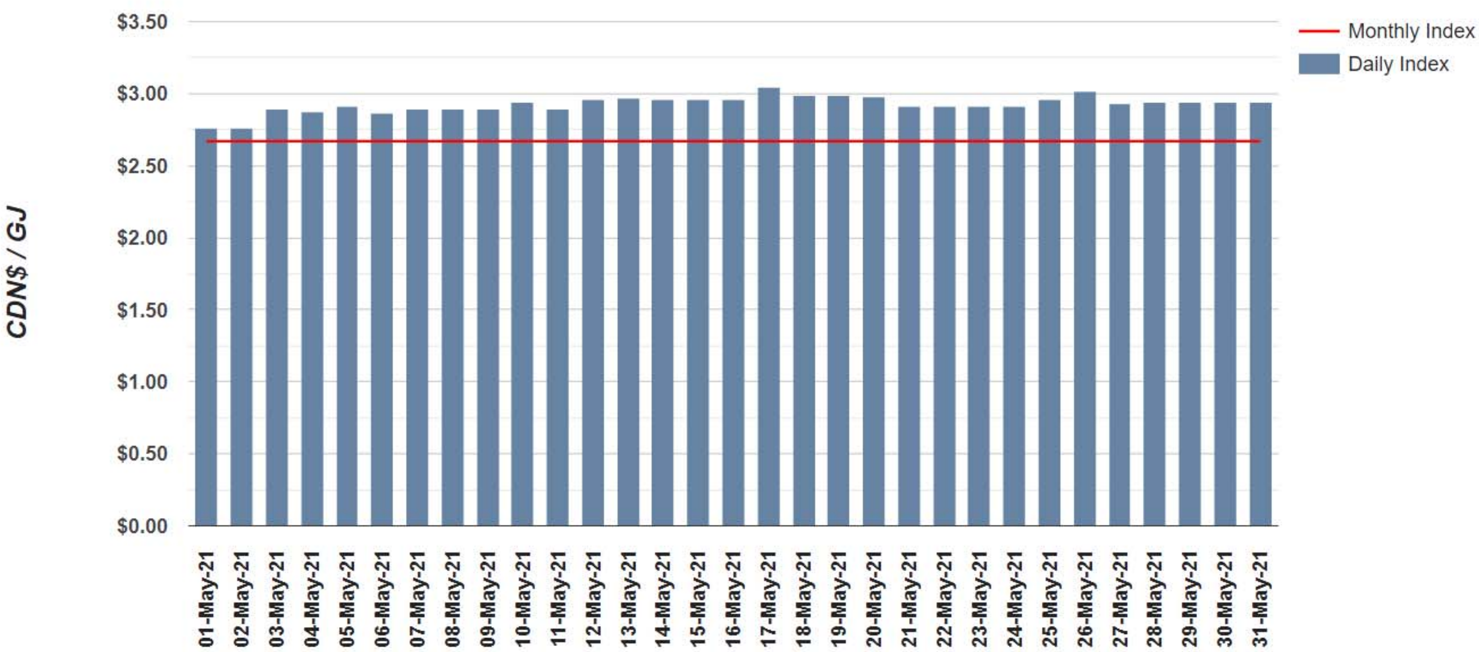
	Nov20	Dec20	Jan21	Feb21	Mar21	Apr21	May21	Jun21	Jul21	Aug21	Sep21	Oct21
Avg	10974	10563	10077	7171	9963	11159	11072					
Goal	11537	11537	11537	11537	11537	11537	11537					

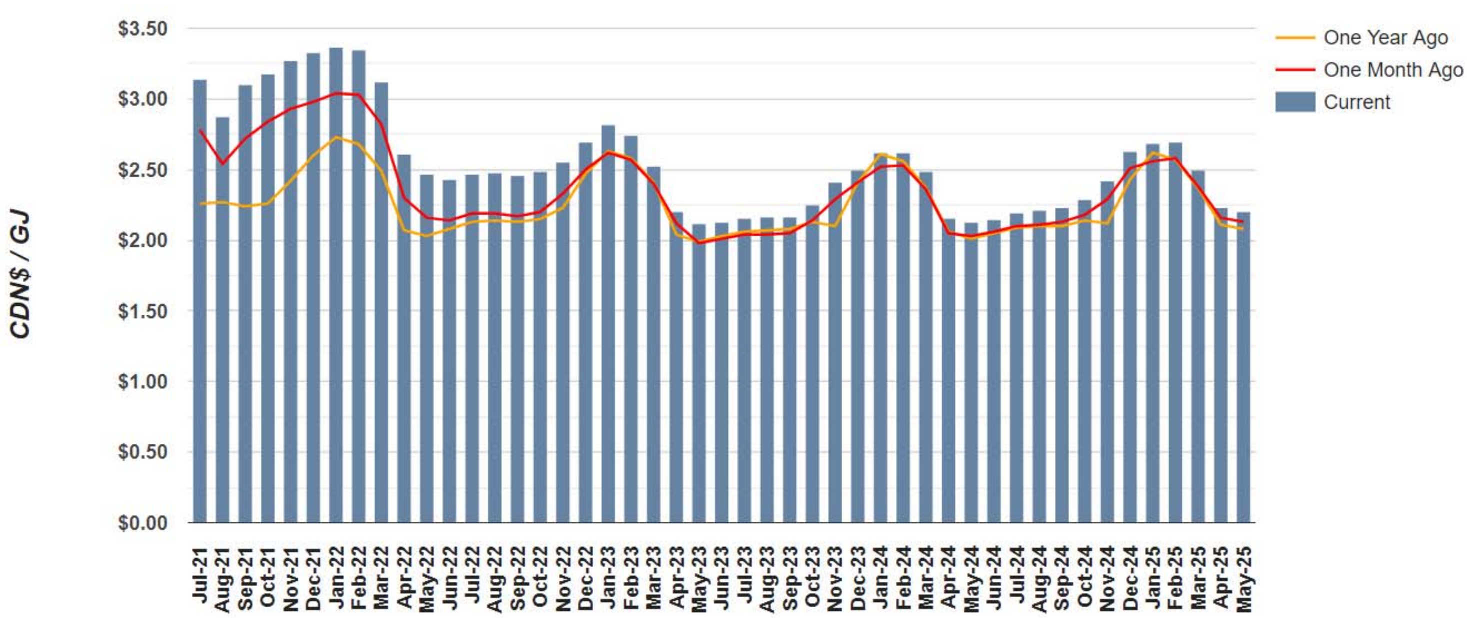
Average 285.7



	Nov20	Dec20	Jan21	Feb21	Mar21	Apr21	May21	Jun21	Jul21	Aug21	Sep21	Oct21
Avg	309.1	297.6	283.9	201.9	280.9	314.5	312.2					
Goal	325.0	325.0	325.0	325.0	325.0	325.0	325.0					

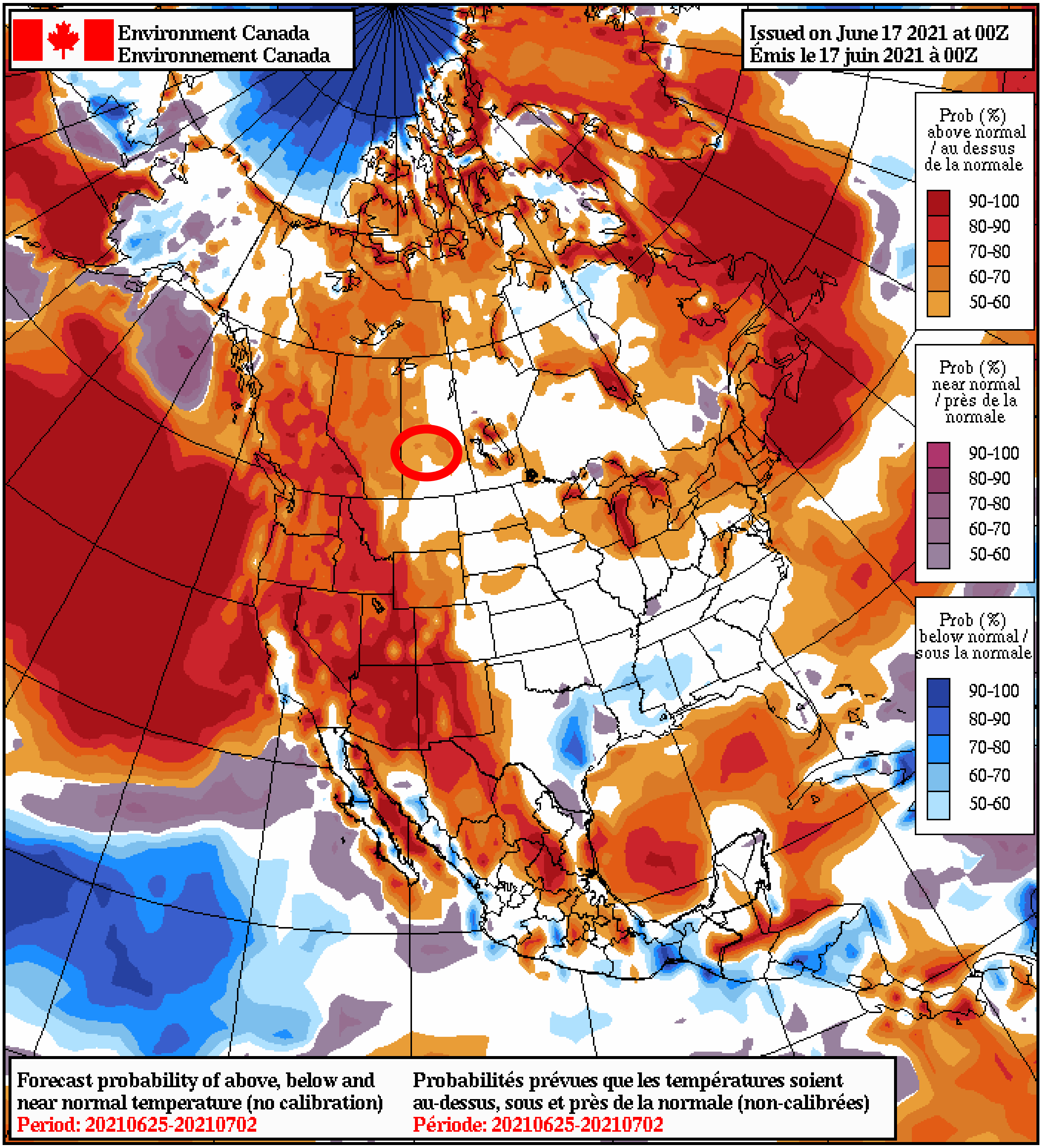
AECO GAS PRICES MAY 2021 (Source: http://www.gasalberta.com/index.php?p=gas-market/market-prices)





AB-NIT 5a - $2.93/gj
AB-NIT 7a - $2.68/gj

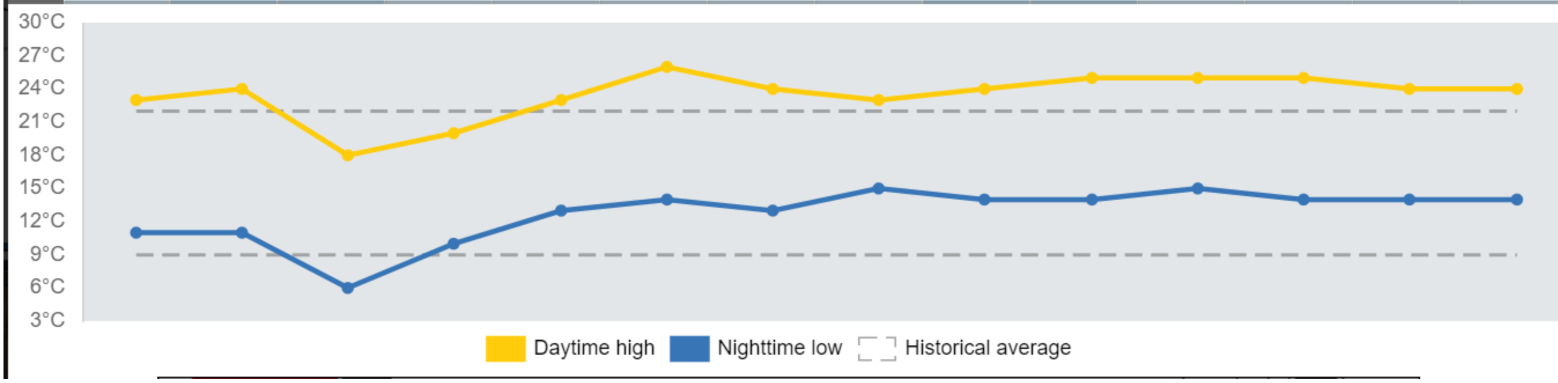
WEATHER MODEL



Swift Current, SK Weather

Full 14 Days Overview
Jun 18 - Jul 1

	Fri 06/18	Sat 06/19	Sun 06/20	Mon 06/21	Tue 06/22	Wed 06/23	Thu 06/24	Fri 06/25	Sat 06/26	Sun 06/27	Mon 06/28	Tue 06/29	Wed 06/30	Thu 07/01
Day	23°	24°	18°	20°	23°	26°	24°	23°	24°	25°	25°	25°	24°	24°
POP	20 %	30 %	40 %	20 %	20 %	10 %	60 %	20 %	40 %	20 %	60 %	70 %	40 %	20 %
Night	11°	11°	6°	10°	13°	14°	13°	15°	14°	14°	15°	14°	14°	14°
POP	30 %	40 %	20 %	20 %	10 %	40 %	30 %	30 %	20 %	20 %	70 %	40 %	20 %	40 %



Abbey Resources Corp.

Weekly Gas Bulletin

June 30th, 2021

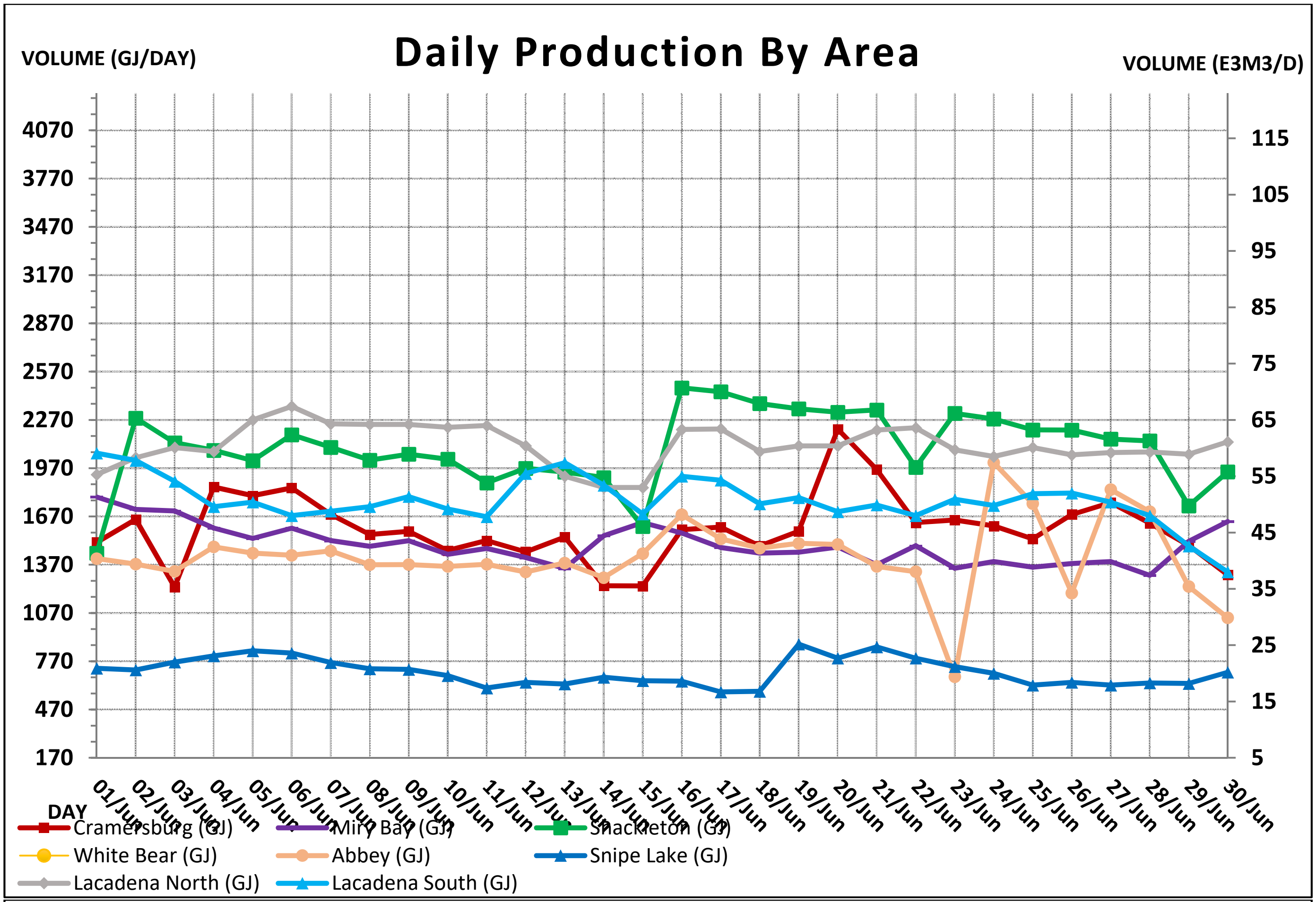
JUNE PRODUCTION (GJ/DAY) (red text indicates plant meter reading or estimate)

`	GJs (per day unless total)								
Total	47874	0	44902	42634	62871	21508	64090	53485	337364
Avg	1596		1497	1421	2096	717	2136	1783	11245
Goal	1604	0	1245	1780	2141	707	2293	1780	11550
Avg vs. Goal	-8.5		252.1	-358.9	-45.7	10.1	-156.9	2.8	-304.8
HF (GJ/e3m3)	35.7	35.7	35.6	35.6	35.7	35.3	35.3	35.2	
	Cramersburg	White Bear	Miry Bay	Abbey	Shackleton	Snipe Lake	Lacadena North	Lacadena South	Total
1-Jun	1509		1791	1408	1442	739	1951	2078	10918
2-Jun	1652		1714	1374	2281	728	2057	2032	11838
3-Jun	1231		1704	1329	2128	777	2120	1902	11192
4-Jun	1853		1598	1481	2081	816	2096	1744	11669
5-Jun	1799		1533	1442	2017	848	2293	1772	11704
6-Jun	1847		1597	1429	2178	834	2378	1688	11951
7-Jun	1683		1520	1456	2100	774	2269	1716	11517
8-Jun	1558		1485	1370	2020	735	2265	1744	11177
9-Jun	1578		1519	1371	2057	732	2265	1807	11329
10-Jun	1458		1435	1360	2026	693	2247	1730	10949
11-Jun	1520		1471	1373	1879	615	2258	1681	10796
12-Jun	1450		1415	1325	1969	650	2131	1951	10892
13-Jun	1542		1347	1381	1946	640	1940	2018	10814
14-Jun	1239		1550	1290	1912	682	1870	1878	10420
15-Jun	1238		1632	1439	1608	661	1870	1698	10146
16-Jun	1588		1567	1681	2469	657	2233	1934	12129
17-Jun	1604		1477	1531	2445	590	2237	1909	11793
18-Jun	1486		1442	1473	2372	594	2096	1762	11224
19-Jun	1579		1448	1503	2339	891	2131	1800	11691
20-Jun	2213		1480	1496	2318	802	2131	1712	12152
21-Jun	1962		1370	1360	2332	873	2230	1754	11881
22-Jun	1632		1488	1327	1976	802	2244	1688	11157
23-Jun	1648		1348	674	2311	749	2106	1790	10626
24-Jun	1611		1390	2005	2276	707	2064	1751	11804
25-Jun	1531		1355	1750	2208	633	2120	1825	11422
26-Jun	1682		1377	1194	2207	650	2074	1828	11013
27-Jun	1756		1390	1837	2151	633	2089	1772	11627
28-Jun	1628		1304	1700	2140	647	2092	1688	11199
29-Jun	1490		1516	1235	1736	643	2078	1498	10196
30-Jun	1307		1639	1040	1947	714	2156	1336	10139

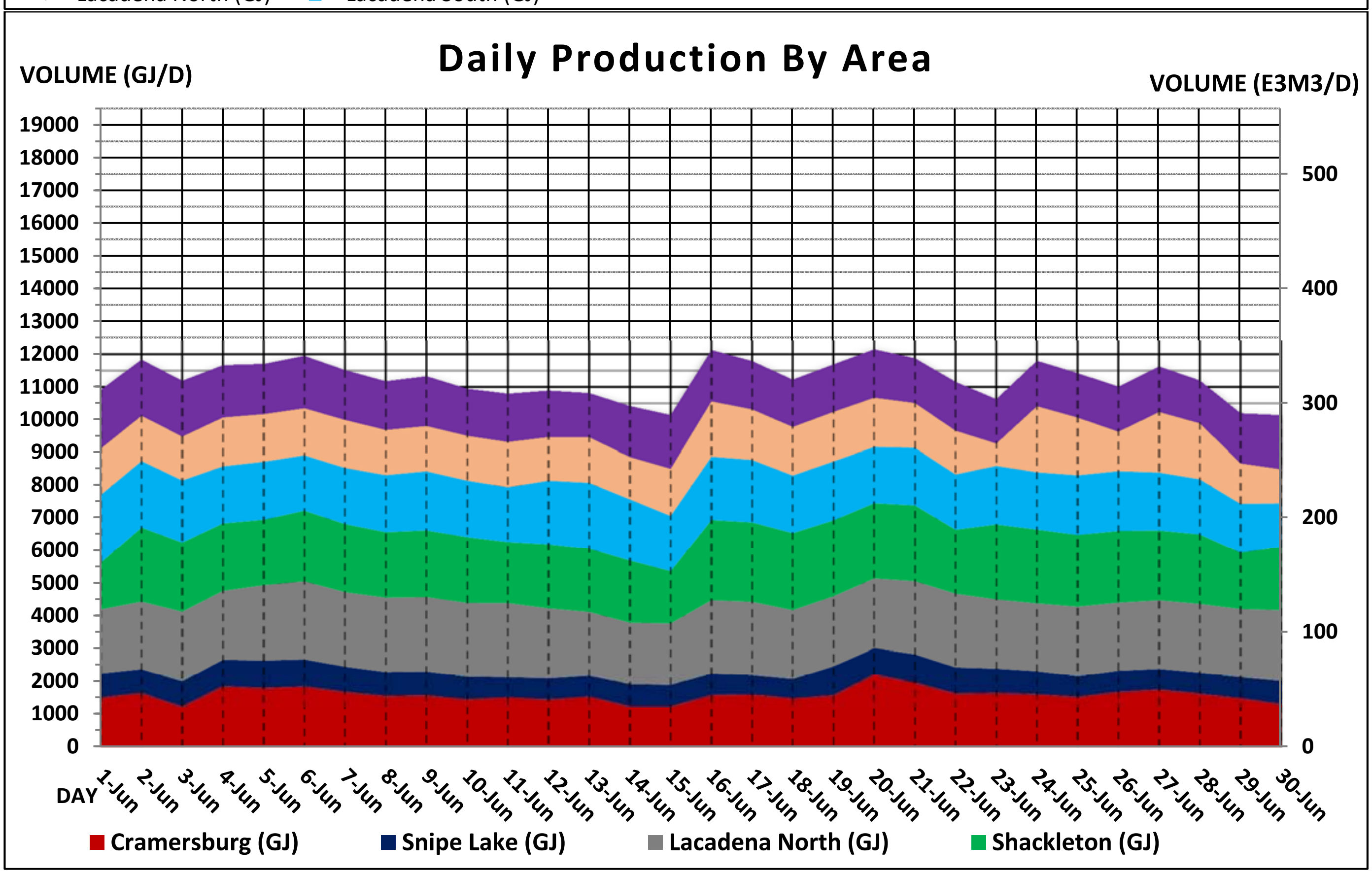
JUNE PRODUCTION (E3M3/DAY) (red text indicates plant meter reading or estimate)

	E3M3 (per day unless total)								
Total	1342.9	0.0	1262.7	1197.6	1761.6	608.6	1816.6	1521.2	9511.2
Avg	44.8		42.1	39.9	58.7	20.3	60.6	50.7	317.0
Goal	45.0	0.0	35.0	50.0	60.0	20.0	65.0	50.0	325.0
Avg vs. Goal	-0.24		7.09	-10.08	-1.28	0.29	-4.45	0.71	-7.96
HF (GJ/e3m3)	35.7	35.7	35.6	35.6	35.7	35.3	35.3	35.6	
	Cramersburg	White Bear	Miry Bay	Abbey	Shackleton	Snipe Lake	Lacadena North	Lacadena South	Total
1-Jun	42.328		50.366	39.551	40.403	20.900	55.300	59.100	307.948
2-Jun	46.339		48.200	38.596	63.911	20.600	58.300	57.800	333.747
3-Jun	34.530		47.919	37.331	59.625	22.000	60.100	54.100	315.605
4-Jun	51.978		44.938	41.601	58.308	23.100	59.400	49.600	328.924
5-Jun	50.463		43.110	40.506	56.514	24.000	65.000	50.400	329.993
6-Jun	51.809		44.910	40.140	61.025	23.600	67.400	48.000	336.885
7-Jun	47.209		42.745	40.899	58.840	21.900	64.300	48.800	324.693
8-Jun	43.703		41.760	38.483	56.598	20.800	64.200	49.600	315.145
9-Jun	44.264		42.717	38.511	57.635	20.700	64.200	51.400	319.427
10-Jun	40.898		40.354	38.202	56.767	19.600	63.700	49.200	308.721
11-Jun	42.637		41.367	38.567	52.648	17.400	64.000	47.800	304.419
12-Jun	40.673		39.792	37.219	55.170	18.400	60.400	55.500	307.154
13-Jun	43.254		37.880	38.792	54.525	18.100	55.000	57.400	304.951
14-Jun	34.755		43.588	36.236	53.572	19.300	53.000	53.400	293.851
15-Jun	34.727		45.894	40.421	45.055	18.700	53.000	48.300	286.097
16-Jun	44.544		44.066	47.219	69.179	18.600	63.300	55.000	341.909
17-Jun	44.993		41.535	43.006	68.507	16.700	63.400	54.300	332.441
18-Jun	41.683		40.551	41.376	66.461	16.800	59.400	50.100	316.372
19-Jun	44.292		40.720	42.219	65.537	25.200	60.400	51.200	329.567
20-Jun	62.076		41.620	42.022	64.948	22.700	60.400	48.700	342.466
21-Jun	55.035		38.526	38.202	65.340	24.700	63.200	49.900	334.904
22-Jun	45.778		41.845	37.275	55.366	22.700	63.600	48.000	314.564
23-Jun	46.227		37.908	18.933	64.752	21.200	59.700	50.900	299.620
24-Jun	45.189		39.089	56.320	63.771	20.000	58.500	49.800	332.670
25-Jun	42.945		38.105	49.157	61.866	17.900	60.100	51.900	321.973
26-Jun	47.181		38.723	33.539	61.838	18.400	58.800	52.000	310.482
27-Jun	49.257		39.089	51.601	60.269	17.900	59.200	50.400	327.716
28-Jun	45.666		36.670	47.753	59.961	18.300	59.300	48.000	315.650
29-Jun	41.795		42.632	34.691	48.641	18.200	58.900	42.600	287.459
30-Jun	36.662		46.091	29.217	54.553	20.200	61.100	38.000	285.823

TRENDS



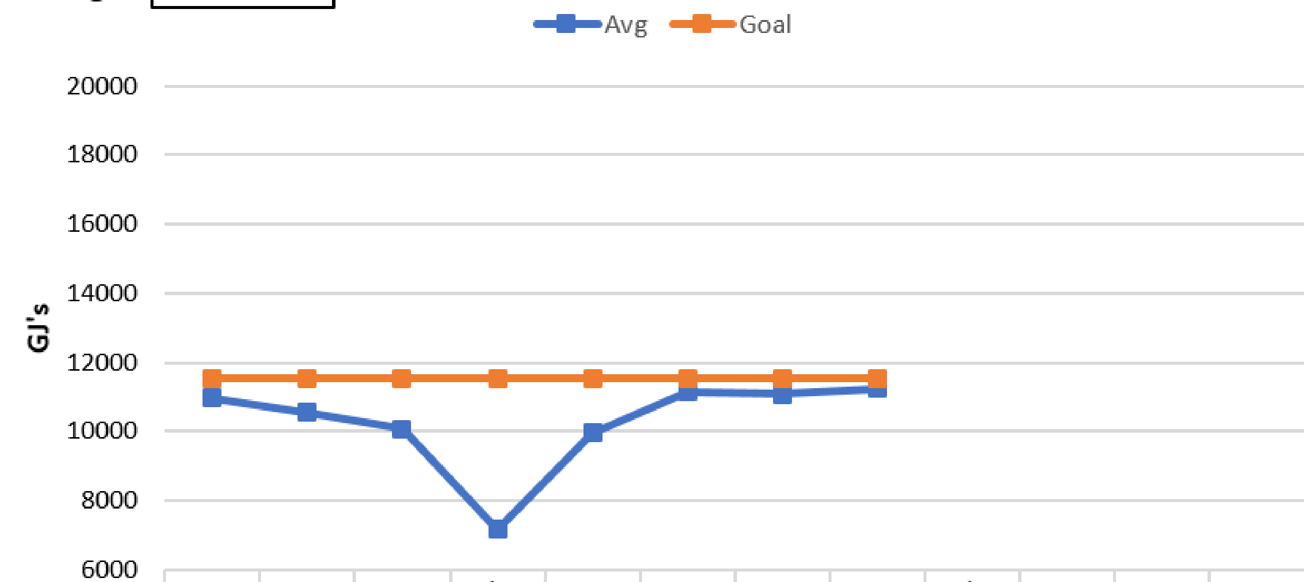
Daily Production By Area
VOLUME (GJ/DAY)
VOLUME (E3M3/D)
4070
3770
3470
3170
2870
2570
2270
1970
1670
1370
1070
770
470
170
115
105
95
85
75
65
55
45
35
25
15
5
DAY
01/Jun 02/Jun 03/Jun 04/Jun 05/Jun 06/Jun 07/Jun 08/Jun 09/Jun 10/Jun 11/Jun 12/Jun 13/Jun 14/Jun 15/Jun 16/Jun 17/Jun 18/Jun 19/Jun 20/Jun 21/Jun 22/Jun 23/Jun 24/Jun 25/Jun 26/Jun 27/Jun 28/Jun 29/Jun 30/Jun
Cramersburg (GJ)
Miry Bay (GJ)
Shackleton (GJ)
White Bear (GJ)
Abbey (GJ)
Snipe Lake (GJ)
Lacadena North (GJ)
Lacadena South (GJ)



Daily Production By Area
VOLUME (GJ/D)
VOLUME (E3M3/D)
19000
18000
17000
16000
15000
14000
13000
12000
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
500
400
300
200
100
0
DAY
1-Jun 2-Jun 3-Jun 4-Jun 5-Jun 6-Jun 7-Jun 8-Jun 9-Jun 10-Jun 11-Jun 12-Jun 13-Jun 14-Jun 15-Jun 16-Jun 17-Jun 18-Jun 19-Jun 20-Jun 21-Jun 22-Jun 23-Jun 24-Jun 25-Jun 26-Jun 27-Jun 28-Jun 29-Jun 30-Jun
Cramersburg (GJ)
Snipe Lake (GJ)
Lacadena North (GJ)
Shackleton (GJ)

Summary GJ/Day

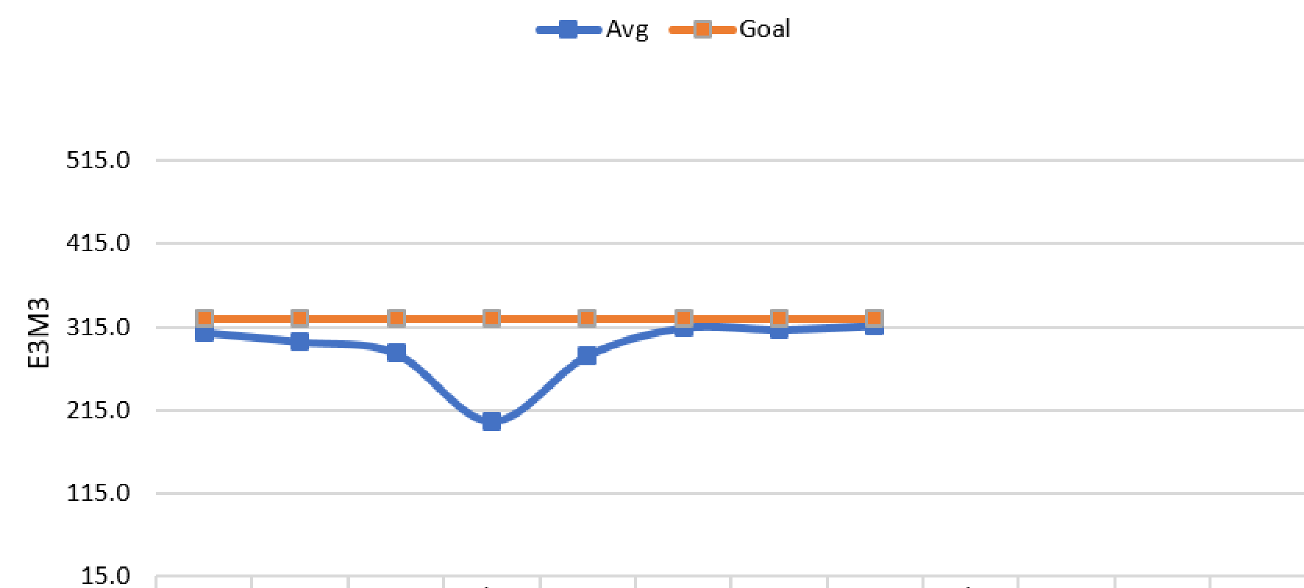
Average: 10278



	Nov20	Dec20	Jan21	Feb21	Mar21	Apr21	May21	Jun21	Jul21	Aug21	Sep21	Oct21
Avg	10974	10563	10077	7171	9963	11159	11072	11245				
Goal	11537	11537	11537	11537	11537	11537	11537	11537				

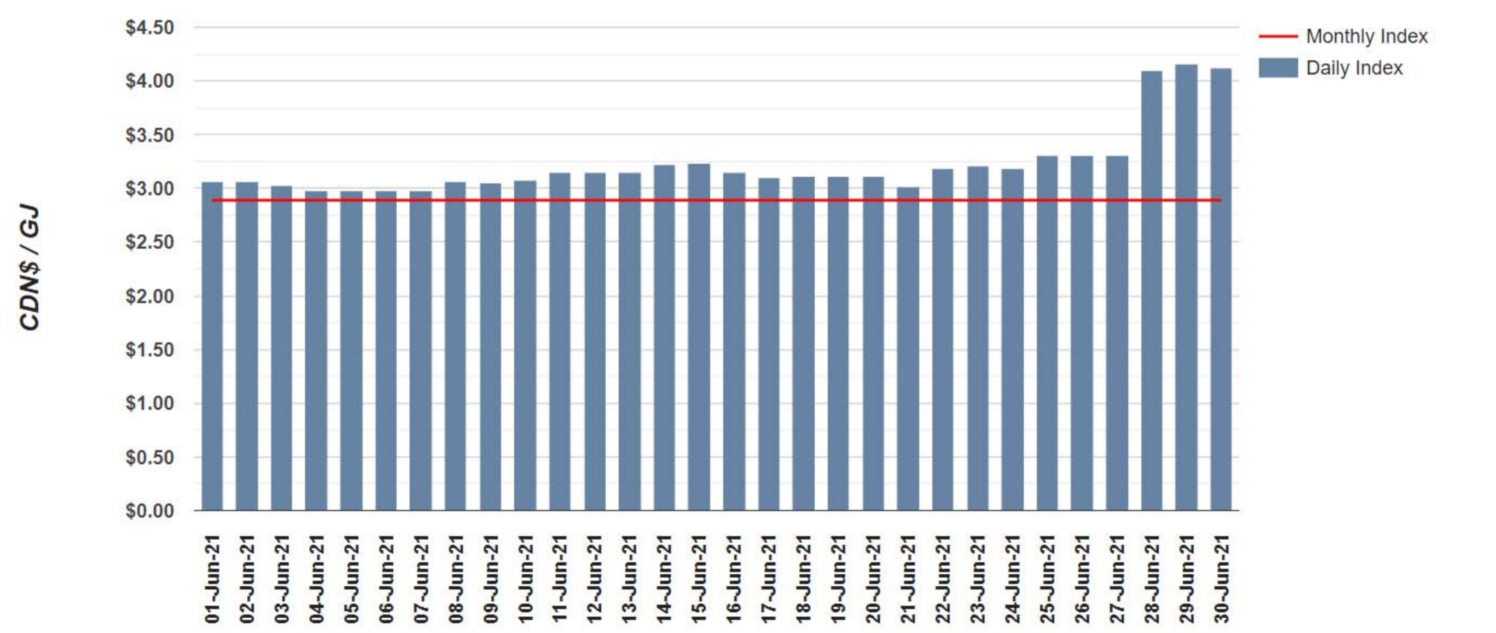
Summary E3M3/Day

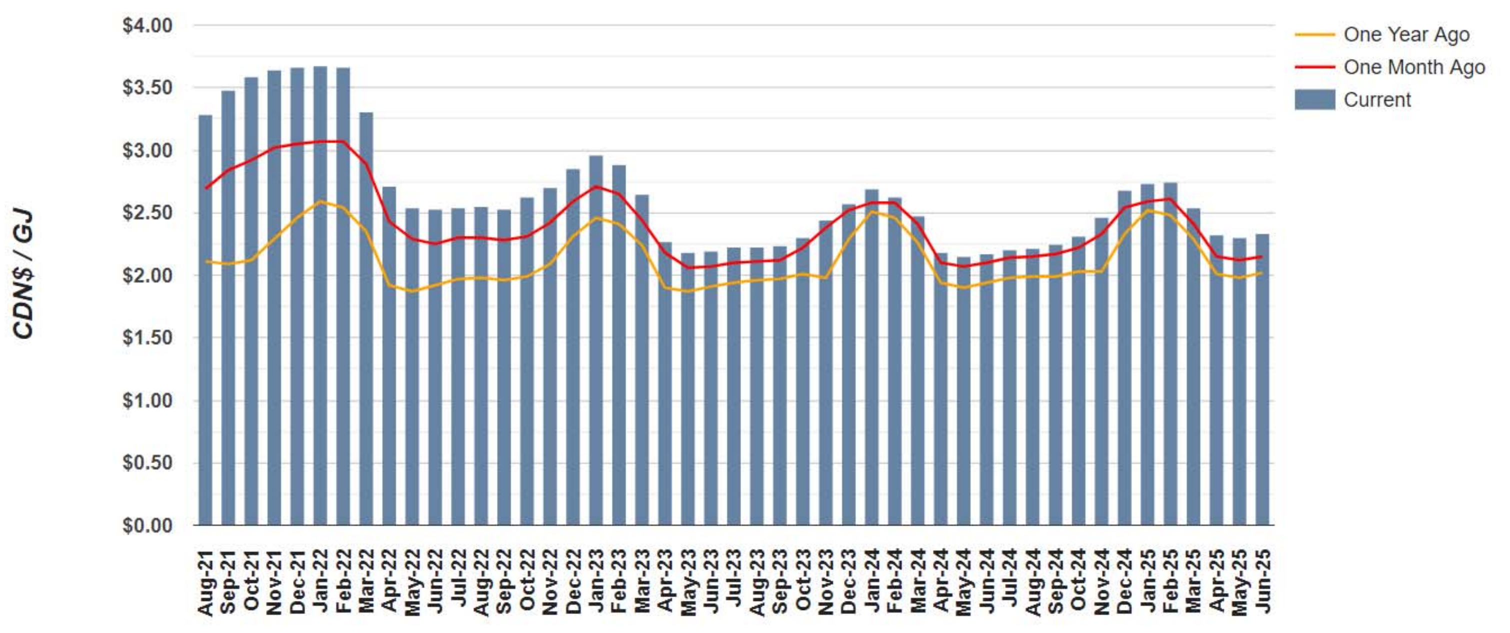
Average: 289.7



	Nov20	Dec20	Jan21	Feb21	Mar21	Apr21	May21	Jun21	Jul21	Aug21	Sep21	Oct21
Avg	309.1	297.6	283.9	201.9	280.9	314.5	312.2	317.0				
Goal	325.0	325.0	325.0	325.0	325.0	325.0	325.0	325.0				

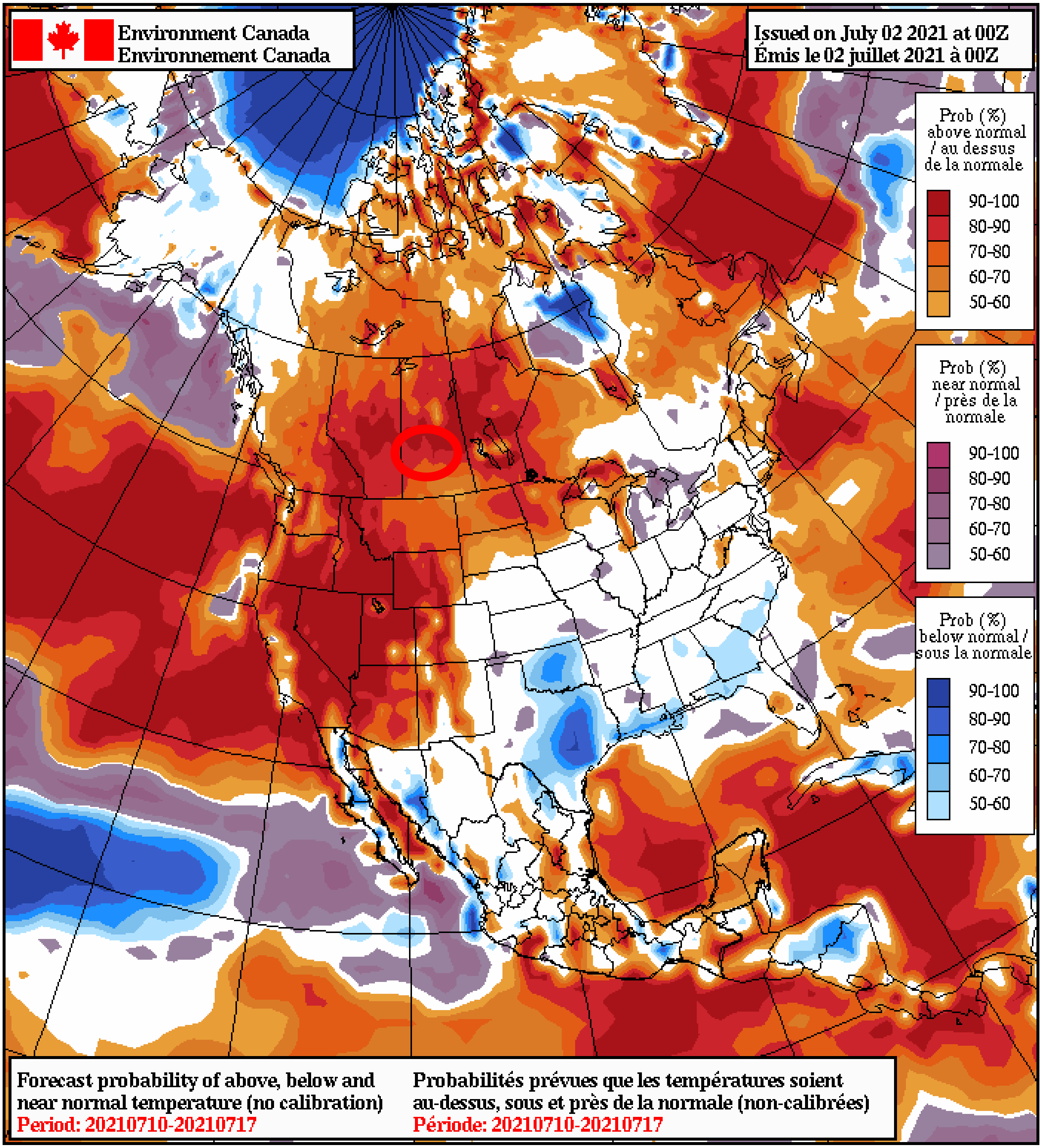
AECO GAS PRICES JUNE 2021 (Source: http://www.gasalberta.com/index.php?p=gas-market/market-prices)





AB-NIT 5a - $3.22/gj
AB-NIT 7a - $2.91/gj

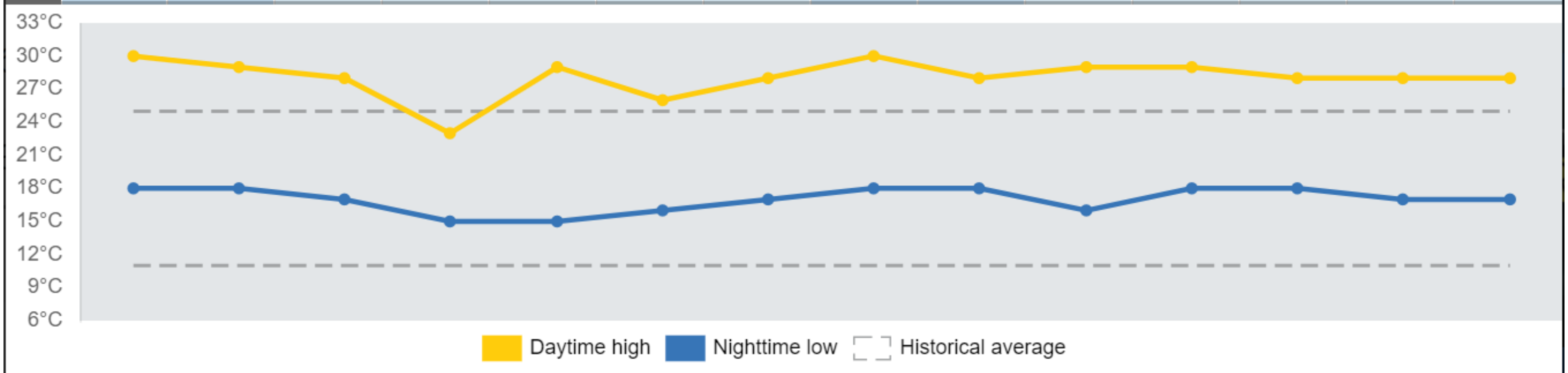
WEATHER MODEL



Swift Current, SK Weather

Full 14 Days Overview
Jul 3 - Jul 16

	Sat 07/03	Sun 07/04	Mon 07/05	Tue 07/06	Wed 07/07	Thu 07/08	Fri 07/09	Sat 07/10	Sun 07/11	Mon 07/12	Tue 07/13	Wed 07/14	Thu 07/15	Fri 07/16
Day	30°	29°	28°	23°	29°	26°	28°	30°	28°	29°	29°	28°	28°	28°
POP	30 %	10 %	30 %	60 %	20 %	60 %	20 %	40 %	10 %	10 %	10 %	10 %	10 %	10 %
Night	18°	18°	17°	15°	15°	16°	17°	18°	18°	16°	18°	18°	17°	17°
POP	20 %	40 %	60 %	20 %	40 %	60 %	10 %	40 %	10 %	10 %	10 %	10 %	10 %	10 %



THIS IS EXHIBIT "C" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

10-Dec-20												
Summary of												
Property Tax by year												
RM	**Year**	**SAMA Assessment**	**Mill Rate**	**Municipal Levy**	**MRF**	**Total MRF Levy**	**Tax Tool Impact**	**Municipal Levy +Tax tools**	**Effective Municipal Mill Rate**	**Education Mill Rate**	**School Tax Levy**	**Total Tax**
RM of Riverside 168	**2017**	$3,499,800	6.50	$22,749	1.20	$27,298	$4,550	**$27,299**	7.80	9.68	$33,878	**$61,177**
	2018	$4,170,400	6.50	$27,108	1.20	$32,529	$5,422	**$32,530**	7.80	9.68	$40,369	**$72,899**
	2019	$4,041,100	6.50	$26,267	1.2	$31,521	$5,253	**$31,521**	7.80	9.68	$39,118	**$70,638**
	2020	$3,844,225	6.00	$23,065	1.2	$27,678	$4,613	**$27,678**	7.20	9.68	$37,212	**$64,891**
RM of Lacadena	**2017**	$38,669,800	13.00	$502,707	1.20	$603,249	$442,770	**$945,477**	24.45	9.68	$374,324	**$1,319,801**
	2018	$39,459,175	13.00	$512,969	1.25	$641,212	$128,242	**$641,211**	16.25	9.68	$381,965	**$1,023,176**
	2019	$36,496,800	13.00	$474,458	1.25	$593,073	$118,615	**$593,073**	16.25	9.68	$353,289	**$946,362**
	2020	$33,811,190	12.50	$422,640	1.25	$528,300	$105,660	**$528,300**	15.63	9.68	$327,292	**$855,592**
RM of Miry Creek	**2017**	$53,620,200	7.00	$375,341	1.00	$375,341	$0	**$375,341**	7.00	9.68	$519,044	**$894,385**
	2018	$41,905,250	7.00	$293,337	1.00	$293,337	$0	**$293,337**	7.00	9.68	$405,643	**$698,980**
	2019	$41,269,950	7.00	$288,890	1.00	$288,890	$0	**$288,890**	7.00	9.68	$399,493	**$688,383**
	2020	$38,465,275	7.00	$269,257	1.00	$269,257	$0	**$269,257**	7.00	9.68	$372,344	**$641,601**
Rm of Snipe Lake	**2017**	$7,429,400	12.00	$89,153	2.92	$260,059	$193,420	**$282,573**	38.03	9.68	$71,917	**$354,489**
	2018	$9,604,000	12.00	$115,248	2.00	$230,496	$150,317	**$265,565**	27.65	9.68	$92,967	**$358,532**
	2019	$9,770,200	12.00	$117,242	2.00	$234,485	$153,003	**$270,246**	27.66	9.68	$94,576	**$364,821**
	2020	$9,761,300	12.00	$117,136	2.00	$192,168	$151,982	**$269,118**	27.57	9.68	$94,489	**$363,607**
RM of Clinworth	**2017**	$3,401,800	10.00	$34,018	1.00	$34,018	$0	**$34,018**	10.00	9.68	$32,929	**$66,947**
	2018	$2,906,200	10.00	$29,062	1.00	$29,062	$0	**$29,062**	10.00	9.68	$28,132	**$57,194**
	2019	$2,909,400	10.00	$29,094	1.00	$29,094	$0	**$29,094**	10.00	9.68	$28,163	**$57,257**
	2020	$3,992,000	10.00	$39,920	1.00	$39,920	$0	**$39,920**	10.00	9.68	$38,643	**$78,563**
Carry The Kettle	**2017**	$4,603,000	20.89	$96,157	-	$0	$0	**$96,157**	-	-	-	**$96,157**
	2018	$4,603,000	20.89	$96,157	-	$0	$0	**$96,157**	-	-	-	**$96,157**
	2019	$4,603,000	20.89	$96,157	-	$0	$0	**$96,157**	-	-	-	**$96,157**
	2020	$4,507,400	20.89	$94,160	-	$0	$0	**$94,160**	-	-	-	**$94,160**
Total	**2017**	**$111,224,000**		**$1,120,125**		**$1,299,965**	**$640,740**	**$1,760,865**	**15.83**	**9.68**	**$1,032,091**	**$2,792,957**
	2018	**$102,648,025**		**$1,073,881**		**$1,226,635**	**$283,981**	**$1,357,862**	**13.23**	**9.68**	**$949,076**	**$2,306,937**
	2019	**$99,090,450**		**$1,032,109**		**$1,177,062**	**$276,871**	**$1,308,980**	**13.21**	**9.68**	**$914,639**	**$2,223,619**
	2020	**$94,381,390**		**$966,178**		**$1,057,323**	**$262,255**	**$1,228,433**	**13.02**	**9.68**	**$869,980**	**$2,098,413**

THIS IS EXHIBIT "D" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

AMENDMENT OF SURFACE LEASE(S)

This Agreement made effective as of this 5 day of JULY, 2021.

BETWEEN:

GORDON JAMES AISMAN, as the "Lessor"

-and-

ABBEY RESOURCES CORP. as the "Lessee"

WHEREAS the Lessor and the Lessee are parties or successors in interest to certain Saskatchewan Surface Leases and any amendments thereto, (hereinafter referred to as the "Leases") as more particularly described on Schedule "A" attached hereto.

WHEREAS, in consideration of the sum of ------------------Fifteen Thousand-------------00/100 ($15,000.00) Dollars, (amount to be deducted from current outstanding arrears) the parties have agreed to modify the Leases as hereinafter set forth:

1. The "demised premises" for each of the Leases will now be reduced as shown on the attached Schedule "A" and outlined in yellow on sketches marked as Schedule "B".
2. The Lessee is not absolved of its abandonment and reclamation obligations, as described in the original Leases and in accordance with all applicable laws and regulations of Saskatchewan in effect at that time, on the removed portions of each "demised premises".
3. The annual compensation for each of the Leases will now be reduced to the amount as shown on the attached Schedule "A".
4. The annual compensation shall be made effective on the date as shown on the attached Schedule "A".
5. The Lessee agrees to compensate the Lessor in the amount of -------Twelve Thousand Nine Hundred Sixty-Five--------------00/100 ($12,965.00) Dollars as compensation for all outstanding arrears with the associated Leases as shown on the attached Schedule "A". Such compensation shall be made in full on or before **August 31, 2021.**
6. In the event any of the Leases detailed in the attached Schedule "A" are abandoned and all surface equipment has been removed, the annual rental shall be reduced to $250.00 commencing on the following anniversary date. The annual rental shall remain at the revised rate until such time the Lessee obtains an Acknowledgment of Reclamation from the Ministry of Energy and Resources, at which time the rental shall cease and the surface lease will be surrendered and terminated.

Except as amended hereby, the Surface Lease is in all respects ratified and confirmed.

IN WITNESS WHEREOF the parties hereto have set their hands as of the day and year first above written.

WITNESS(ES):	LESSOR(S):
Name:	**GORDON JAMES AISMAN**
	ABBEY RESOURCES CORP.
	JIM GETTIS - President

AFFIDAVIT OF EXECUTION

CANADA)
PROVINCE OF SASKATCHEWAN)
TO WIT:)

I, QUINTIN DANROTH of Swift Current, in the Province of Saskatchewan, make oath and say:

1. That I was personally present and did see **GORDON JAMES AISMAN,** named in the within instrument, who is personally known to me to be the person named therein, duly sign, seal and execute the same for the purposes named therein.

2. That the same was executed at the DISTRICT of SWIFT CURRENT, in the Province of Saskatchewan, and that I am the subscribing witness thereto.

3. That I know the said **GORDON JAMES AISMAN**, and he/she/ is in my belief, of the full age of eighteen years.

SWORN before me at the district)
of Swift Current, in the Province)
of Saskatchewan, this 5 day of)
July, A.D. 2021.)

Commissioner for Oaths for Saskatchewan

CHRISTINA NADINE TILLETT
Commissioner for Oaths for Saskatchewan
My Appointment Expires: Apr 30/24

THE HOMESTEADS ACT AFFIDAVIT

CANADA)
PROVINCE OF SASKATCHEWAN)
TO WIT:)

I, **GORDON JAMES AISMAN**, of SWIFT CURRENT, in the Province of Saskatchewan, make oath and say that:

1. I am the/a Lessor named in the attached disposition.

2. My spouse and I have not occupied the land described in this disposition as our homestead at any time during our marriage.

-OR-

~~2. I have no spouse.~~

-OR-

~~2. My spouse is a registered owner of the land that is the subject matter of this disposition and a co-signor of this disposition.~~

SWORN before me at the DISTRICT)
of SWIFT CURRENT in the Province)
of Saskatchewan, this 5 day of)
JULY, A.D. 2021.)

Commissioner for Oaths for Saskatchewan

GORDON JAMES AISMAN

QUINTIN SHEA DANROTH
A Commissioner for Oaths for Saskatchewan
My Appointment Expires AUG. 31/23

SCHEDULE "A"

Attached to and forming part of an Amendment of Surface Lease(s) dated the _____ day of _____________, 20___ between GORDON JAMES AISMAN "Lessor" and ABBEY RESOURCES CORP., as "Lessee".

Abbey File Number	Wellsite Surface Location	Original Wellsite Acreage	Revised Acreage	Original Annual Rental	Revised Annual Rental	Effective Date	2019 Rental Arrears
S030539	131/14-13-022-21W3/00	3.38	1.15	$ 2,800.00	$ 900.00	19-Mar-20	$ 1,400.00
S030540	141/08-13-022-21W3/00	2.00	0.64	$ 2,300.00	$ 750.00	19-Mar-20	$ 1,150.00
S030943	141/06-13-022-21W3/00	4.35	1.47	$ 3,000.00	$ 1,025.00	22-Apr-20	$ 1,500.00
S030944	141/16-13-022-21W3/00	2.32	0.75	$ 2,500.00	$ 800.00	22-Apr-20	$ 1,250.00
S032223	141/04-13-022-21W3/00	3.13	1.02	$ 2,700.00	$ 900.00	16-Jul-20	$ 1,350.00
S032226	141/02-13-022-21W3/00	3.13	1.02	$ 2,700.00	$ 900.00	16-Jul-20	$ 1,350.00
S032227	141/12-13-022-21W3/00	4.17	1.37	$ 3,000.00	$ 1,000.00	16-Jul-20	$ 1,500.00
S032235	141/10-13-022-21W3/00	5.16	1.74	$ 3,300.00	$ 1,125.00	16-Jul-20	$ 1,650.00
S032292	Access to 141/02-24-022-21W3/00	1.06	0.57	$ 550.00	$ 250.00	16-Jul-20	$ 275.00
S51895-00	111/14-18-022-20W3/00	5.00	1.49	$ 2,800.00	$ 900.00	24-Jul-20	$ 1,400.00
S032328	13-18-22-20W3M Compressor expansion	0.57	0.57	$ 620.00	$ 620.00	15-Nov-20	$ 620.00
S77326-00	131/12-18-022-20W3/00	2.95	0.82	$ 2,300.00	$ 725.00	10-Sep-20	$ 1,150.00

Total 2019 Rental Arrears	$ 14,595.00
Total 2020 Rental Arrears	$ 9,895.00
Total 2021 Rental Arrears (January to May Inclusive)	$ 3,475.00
Total Arrears (2019 & 2020 & 2021 January to May)	$ 27,965.00

ABBEY 14-13-22-21 W3M (Well License #03E077)
Lease Revision

Original Survey Plan
Area Utilized

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

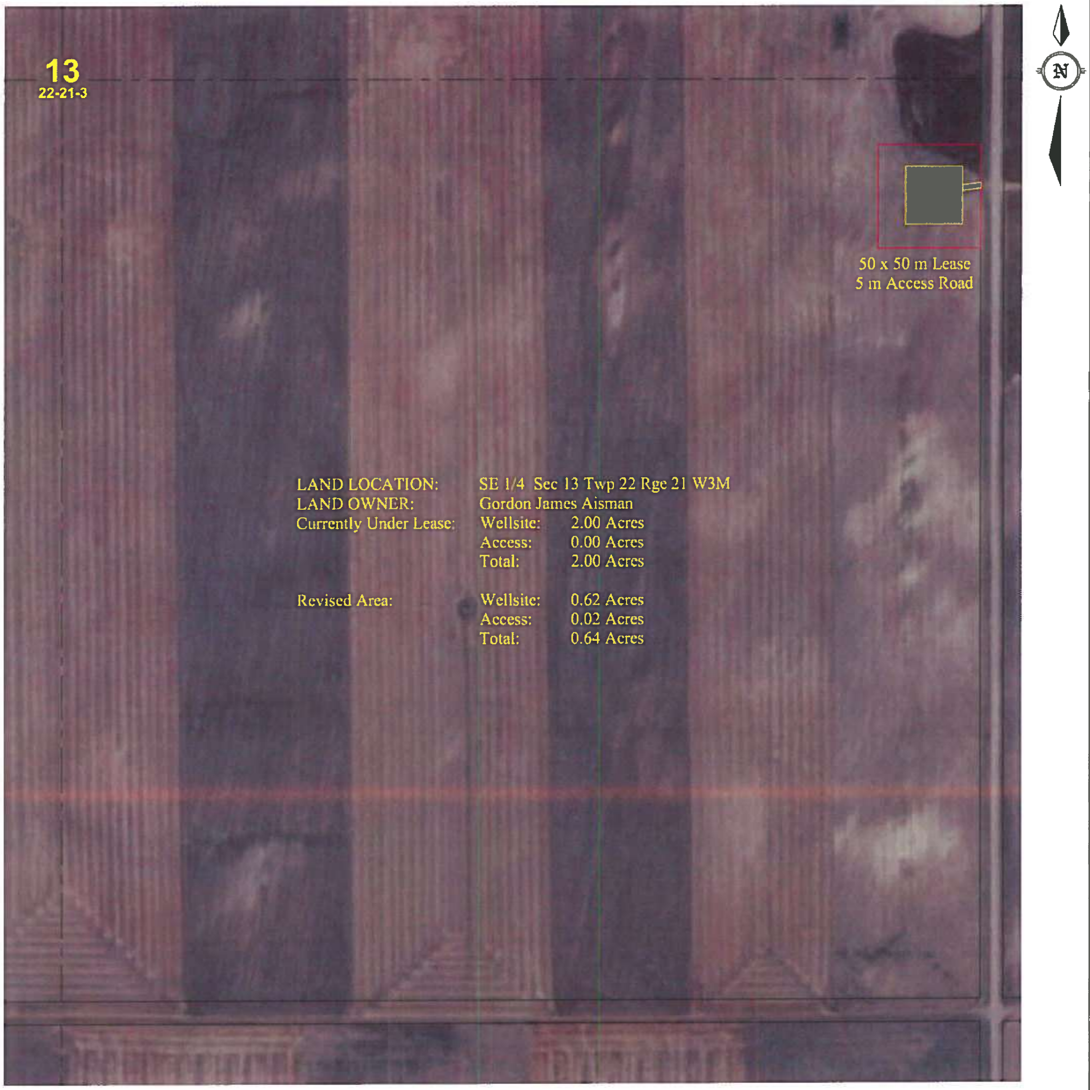
DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

101173425 SK LTD. RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	FILE #: N/A
DRAWN BY: KMH	PROJECT #: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 8-13-22-21 W3M (Well License #03C157)
Lease Revision



Indicates Current Lease Area
Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

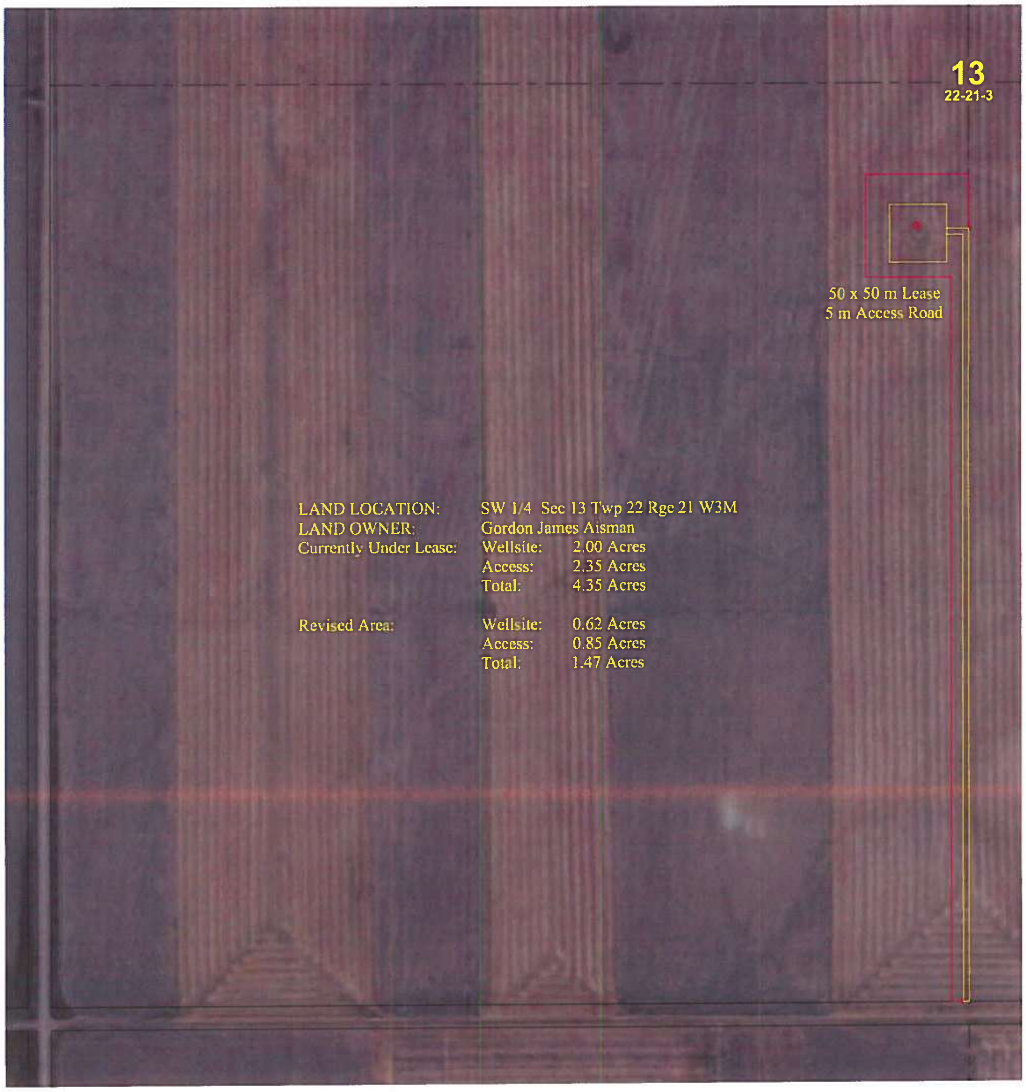
DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 6-13-22-21 W3M (Well License #04I215)
Lease Revision



Indicates Current Lease Area
Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

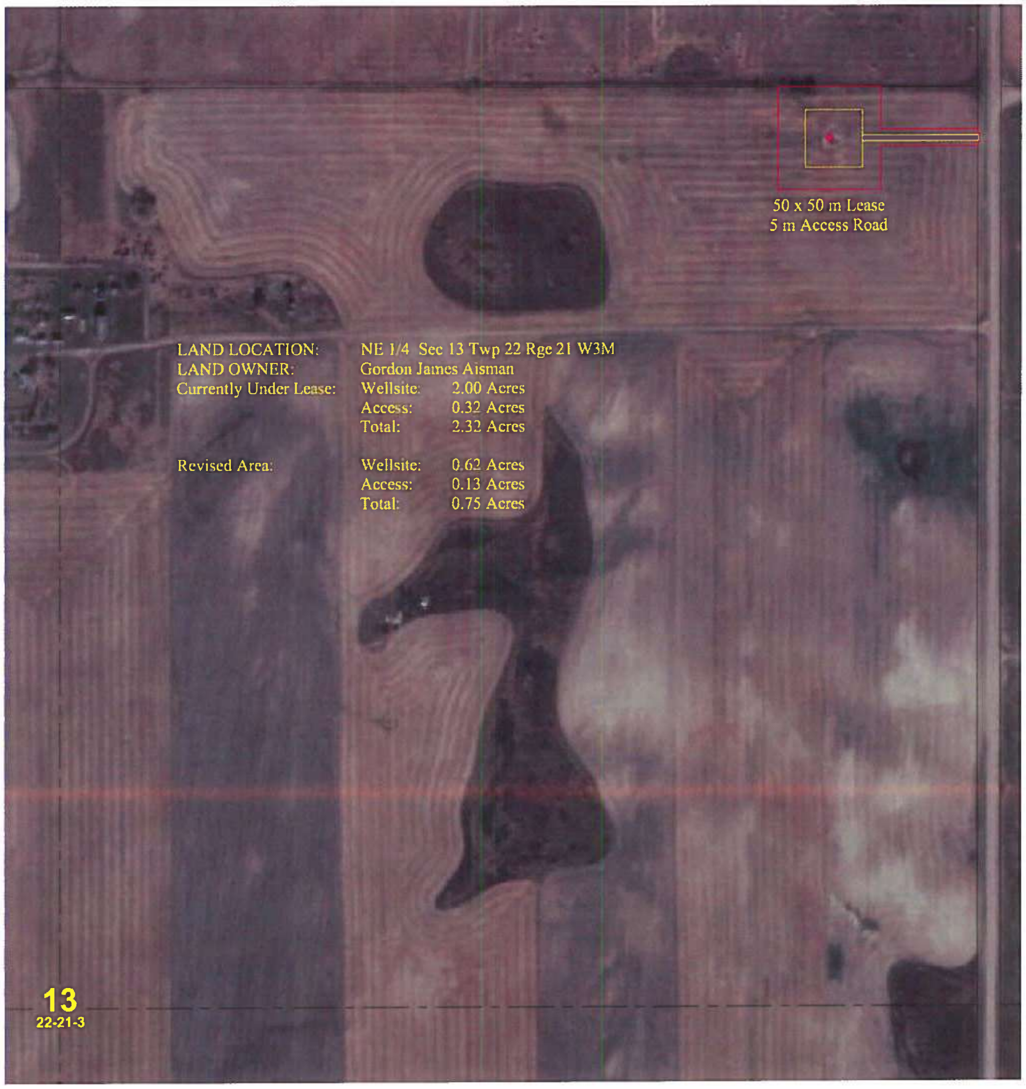
DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 16-13-22-21 W3M (Well License #04I023)
Lease Revision



Indicates Current Lease Area

Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery; Image Date: 2008-2011

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

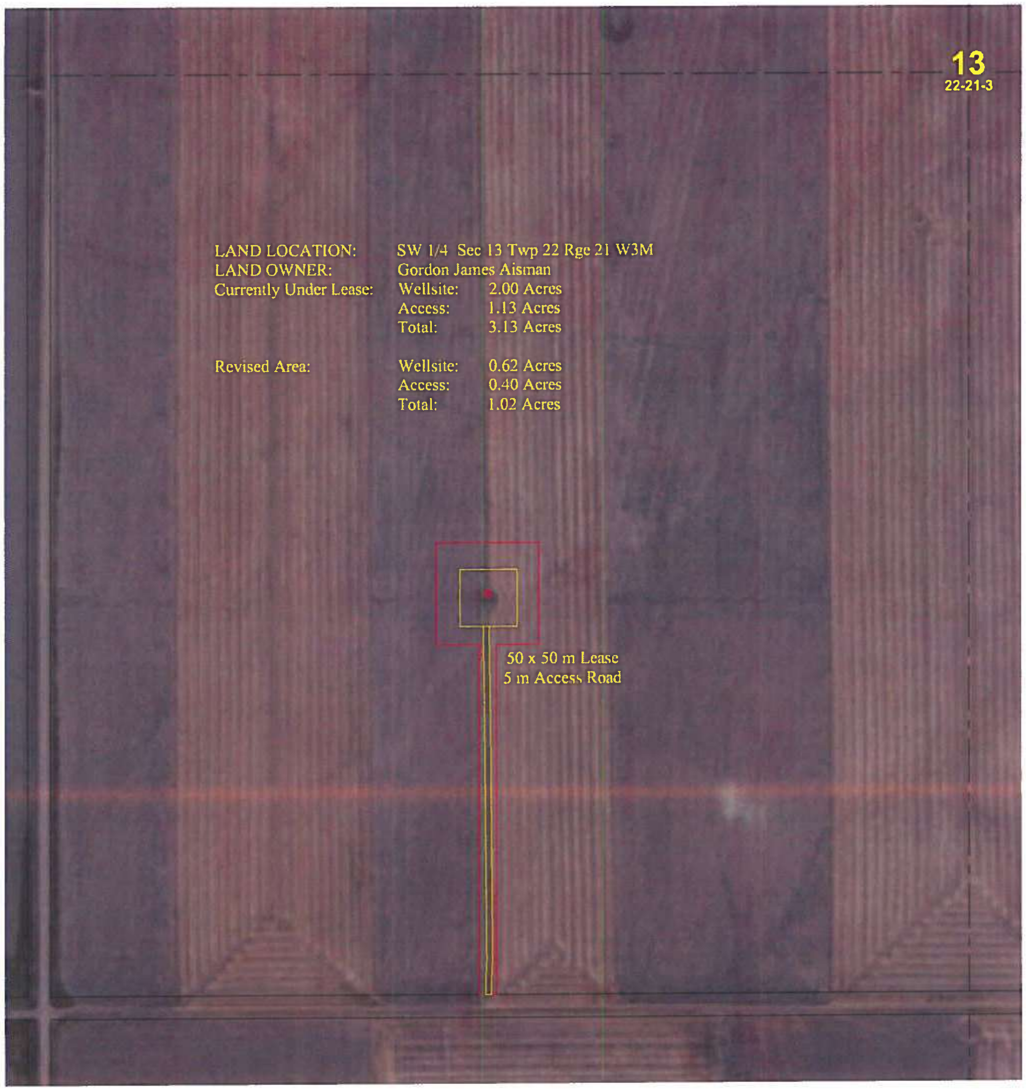
AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B

ABBEY 4-13-22-21 W3M (Well License #07H028)

Lease Revision



Indicates Current Lease Area

Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

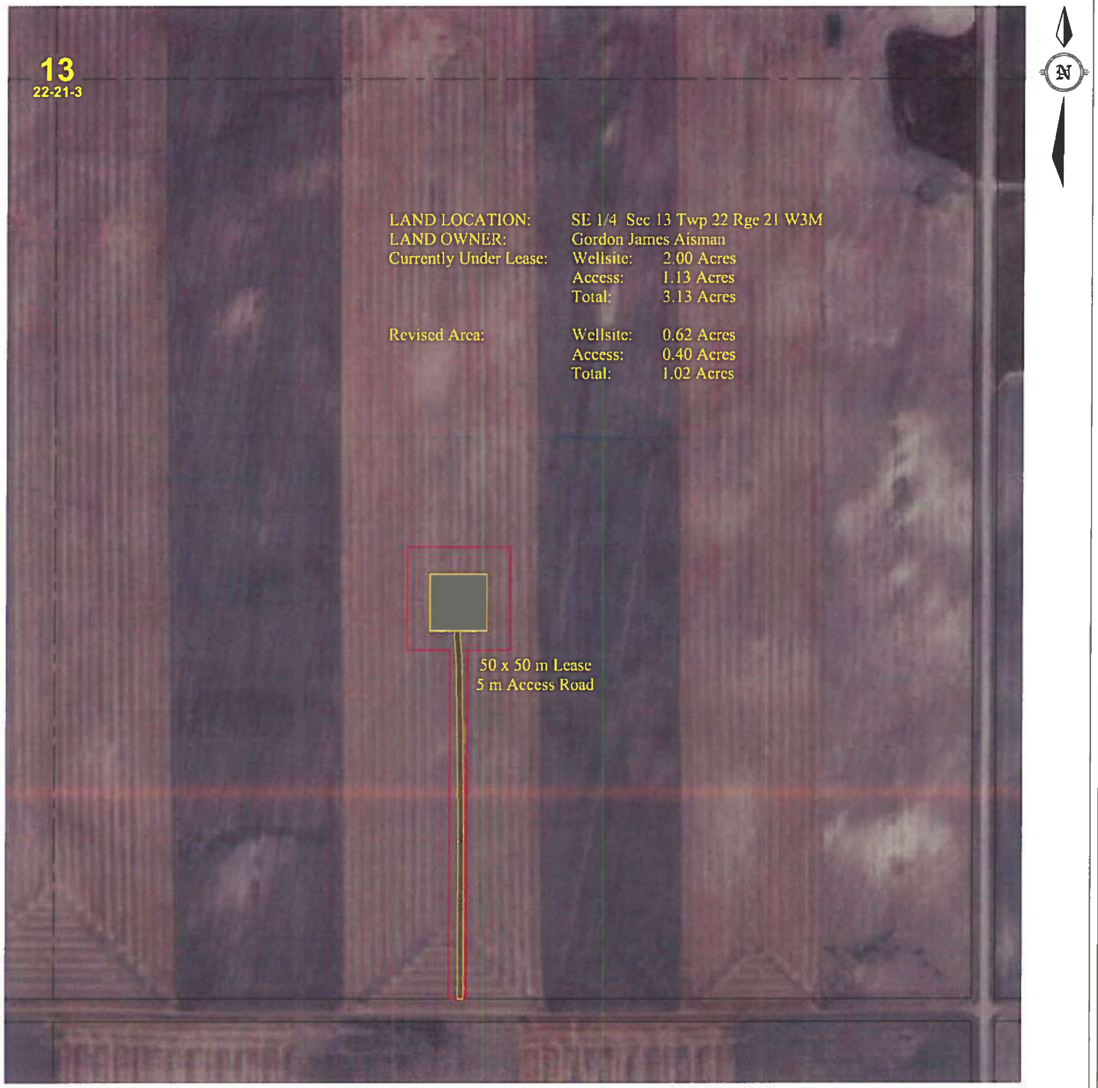
DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 2-13-22-21 W3M (Well License #07H029)
Lease Revision



Indicates Current Lease Area
Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM

SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 12-13-22-21 W3M (Well License #07H026)
Lease Revision

Indicates Current Lease Area
Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery; Image Date: 2008-2011

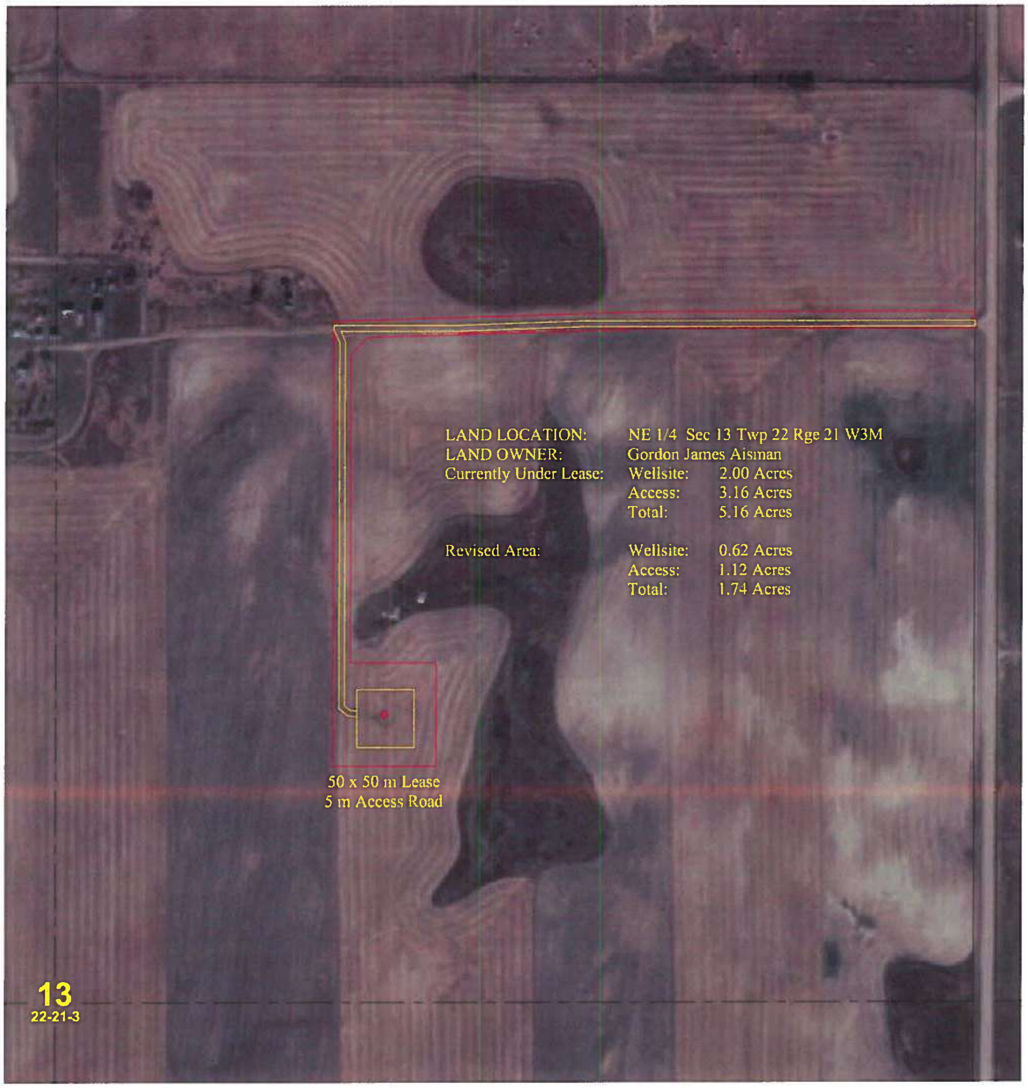
DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 10-13-22-21 W3M (Well License #07H027)
Lease Revision



Indicates Current Lease Area

Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery;
Image Date: 2008-2011

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM

SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B

ABBEY 2-24-22-21 W3M (Well License # 07H012)

Lease Revision

Original Survey Plan

Area Utilized

REFERENCE: FlySask Aerial Imagery; Image Date: 2008-2011

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: DR	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 14-18-22-20 W3M (Well License #05B038)
Lease Revision

Indicates Current Lease Area

Indicates Revised Lease Area

REFERENCE: FlySask Aerial Imagery; Image Date: 2008-2011

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

SCHEDULE B
ABBEY 12-18-22-20 W3M (Well License #08J102)
Lease Revision

Indicates Current Lease Area

Indicates Revised Lease Area

REFERENCE: AbaData Imagery;
Image Date: N/A

DISCLAIMER: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made to ensure the accuracy of the information presented at the time of publication, Millennium Land Ltd. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

ABBEY RESOURCES CORP.

AERIAL DIAGRAM	
SCALE: 1 : 5,000	DRAWING No: 1
DRAWN BY: KMH	MLL FILE No: N/A

MILLENNIUM LAND LTD.

THIS IS EXHIBIT "**E**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Government of Saskatchewan

Ministry of Energy and Resources
Deputy Minister's Office
1000, 2103 – 11th Avenue
Regina, SK Canada S4P 3Z8

May 13, 2021

Jim Gettis
ABBEY RESOURCES CORP.
SUITE 700
505 3RD STREET SW
CALGARY AB T2P 3E6

Dear Mr. Gettis,

Thank you for your recent payment proposal to address the outstanding debt owed to the Ministry of Energy and Resources for the current year Annual Lease invoice as well as the outstanding arrears for mineral leases, Administrative Levy and Orphan Fund Levy that span over the past 3 years.

As per *The Oil and Gas Conservation Regulations, 2012*, the Administrative Levy and the Orphan Fund Levy are due before the 30th day after the date of the invoice/notice and the Annual Disposition Rentals for 2021-22 were due April 25, 2021.

Your proposal for repayment of $30,000 per month beginning May 31, 2021 for your 2021-22 fiscal year mineral lease invoices would take approximately 18 months before those amounts would be paid in full. Your proposal for dealing with arrears accumulated prior to 2020-21 of $57,000.00 per month beginning on or before June 1, 2021 would take approximately 36 months. Both proposals would also be subject to further late payment interest charges. Please, also note that the 2021-22 annual Orphan Fund Levy and Administrative Levy invoices will be produced in the next few months. This will incur additional amounts owing which will need to be addressed in accordance to the regulations.

As this is a significant amount of debt due to the Crown, which has been overdue for the past 3 years, the Ministry feels your proposal does not have a reasonable timeframe to address the debt outstanding. After careful consideration, the Ministry requests a lump sum payment of $550,000.00 to be paid within 60 days of the date of this letter with the remaining outstanding balances to be paid within 1 year.

The Ministry will expect payment of the lump sum by July 12, 2021 and a monthly payment on the remaining outstanding balance starting in August, 2021.

Thank you,

Susanna Laaksonen-Craig

cc: Blair Wager, Assistant Deputy Minister, Energy and Resources
Kim Olyowsky, Executive Director, Energy and Resources
Scott Weaver, Director, Energy and Resources
Muhammad (Haroon) Khan, Acting Director, Energy and Resources

THIS IS EXHIBIT "**F**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Government of Saskatchewan

Security Deposit Summar

Run Date: 2021-06-28

Licensee Name	BA ID	Wells	Facilities	Total Assets	Total Liability	Total Security Balance	LLR	LLR Prev Month
ABBEY RESOURCES CORP.	35547	2350	22	$45,582,067.71	$79,289,000.00	$27,660,602.04	0.57	0.59
CITY OF MEDICINE HAT	02706	1384	23	$0.00	$18,836,825.00	$14,344,008.03	0.00	0.02
PROSPERA ENERGY INC.	14228	525	38	$10,372,284.28	$19,573,625.45	$0.00	0.53	0.54
FORT CALGARY RESOURCES LTD.	09291	18	2	$355,056.38	$577,800.00	$0.00	0.61	0.75
AUDAX INVESTMENTS LTD.	34262	51	5	$1,347,967.77	$2,274,579.79	$715,964.02	0.59	0.60
BONAVISTA ENERGY CORPORATION	04627	187	9	$124,692.35	$6,244,000.00	$6,244,000.00	0.02	0.02
ERA AMERICA RESOURCE CORPORATION	71967	4	1	$139,934.91	$236,595.00	$37,631.62	0.59	0.63
HILLSDALE DRILLING LTD.	50293	4	0	$28,738.24	$41,100.00	$0.00	0.70	0.83
SSSS OIL LTD.	05130	5	0	$25,564.97	$45,900.00	$0.00	0.56	0.65
JEDI EXPLORATION AND DEVELOPMENT	40086	21	4	$1,205,937.00	$1,342,257.65	$0.00	0.90	0.90
SCHMIDT OIL LTD.	04475	7	0	$21,363.73	$51,000.00	$0.00	0.42	0.50
TALLS-TAR ENERGY LIMITED	03188	26	4	$1,431,966.94	$1,536,527.37	$0.00	0.93	0.93
LONG FORTUNE PETROLEUM	13521	4	2	$314,292.16	$364,264.84	$13,323.60	0.86	0.87
RAKE RESOURCES LTD.	03343	29	3	$345,592.20	$593,200.00	$210,488.94	0.58	0.59
KINGER'S CONTRACTING INC.	36330	6	0	$99,891.09	$253,800.00	$167,317.11	0.39	0.40
SMITTY'S FARMS LTD.	08490	2	0	$83,130.84	$84,600.00	$28,116.05	0.98	1.02
101294341 SASKATCHEWAN LTD.	35534	14	0	$96,807.20	$142,800.00	$110,719.42	0.68	0.69
RAVEN RESOURCES LTD.	03197	13	0	$18,413.93	$61,200.00	$29,476.29	0.30	0.32
CAJ RESOURCES LTD.	12443	10	0	$39,372.10	$142,200.00	$126,751.97	0.28	0.28
ZELMAR ENERGY LTD.	08293	9	0	$170,774.97	$380,700.00	$211,866.72	0.45	0.45
A-1 DRILLING CORPORATION	35055	27	1	$0.00	$853,350.00	$0.00	0.00	0.00
MURPHY OIL COMPANY LTD.	00063	486	17	$0.00	$7,738,200.00	$7,014,017.88	0.00	0.00
SILVERWOLF ENERGY LTD.	13281	13	0	$0.00	$510,375.00	$0.00	0.00	0.00
DAWN ENERGY INC.	10951	18	2	$0.00	$627,700.00	$233,720.30	0.00	0.00
PRAIRIE STAR RESOURCES INC.	36160	6	3	$0.00	$367,413.15	$0.00	0.00	0.00
HEISTAD OIL AND GAS PETROLEUM	34170	8	0	$0.00	$292,700.00	$0.00	0.00	0.00
BOWFJELL ENERGY CORP.	36273	10	0	$0.00	$285,600.00	$0.00	0.00	0.00
GALAXY ENERGY LTD.	11103	7	0	$16,581.47	$267,300.00	$0.00	0.06	0.06

y

Total Security Required	Total Security Owing	Total Security Owing Previous Month	Change in Total Security Owing over Previous Month	Security Adjusted LLR	Security Stage	Active SA
$33,706,932.29	$6,046,330.25	$5,104,690.47	$941,639.78	0.92	IExt	No
$18,836,825.00	$4,492,816.97	$4,186,848.64	$305,968.33	0.76	IExt	Yes
$9,201,341.17	$9,201,341.17	$9,089,422.15	$111,919.02	0.53	IExt	Yes
$222,743.62	$222,743.62	$145,387.25	$77,356.37	0.61	IExt	Yes
$926,612.02	$210,648.00	$184,089.50	$26,558.50	0.91	IExt	Yes
$6,119,307.65	($124,692.35)	($135,780.05)	$11,087.70	1.02		Yes
$96,660.09	$59,028.47	$50,886.55	$8,141.92	0.75	SO	Yes
$12,361.76	$12,361.76	$6,998.48	$5,363.28	0.70		Yes
$20,335.03	$20,335.03	$16,089.10	$4,245.93	0.56	SO	Yes
$136,320.65	$136,320.65	$132,083.66	$4,236.99	0.90	IExt	Yes
$29,636.27	$29,636.27	$25,703.20	$3,933.07	0.42	IExt	Yes
$104,560.43	$104,560.43	$100,895.52	$3,664.91	0.93	IExt	Yes
$49,972.68	$36,649.08	$33,386.41	$3,262.67	0.90	I	Yes
$247,607.80	$37,118.86	$34,053.51	$3,065.35	0.94	I	Yes
$153,908.91	($13,408.20)	($16,134.53)	$2,726.33	1.05		Yes
$1,469.16	($26,646.89)	($28,116.05)	$1,469.16	1.31		Yes
$45,992.80	($64,726.62)	($65,933.36)	$1,206.74	1.45		Yes
$42,786.07	$13,309.78	$12,192.43	$1,117.35	0.78	SO	Yes
$102,827.90	($23,924.07)	($24,648.45)	$724.38	1.17		Yes
$209,925.03	($1,941.69)	($2,426.03)	$484.34	1.01		Yes
$853,350.00	$853,350.00	$853,350.00	$0.00	0.00	J	Yes
$7,738,200.00	$724,182.12	$724,182.12	$0.00	0.91		Yes
$510,375.00	$510,375.00	$510,375.00	$0.00	0.00	J	Yes
$627,700.00	$393,979.70	$393,979.70	$0.00	0.37	J	No
$367,413.15	$367,413.15	$367,413.15	$0.00	0.00	IExt	Yes
$292,700.00	$292,700.00	$292,700.00	$0.00	0.00	J	Yes
$285,600.00	$285,600.00	$285,600.00	$0.00	0.00	AO	Yes
$250,718.53	$250,718.53	$250,718.53	$0.00	0.06	IExt	Yes

THIS IS EXHIBIT "G" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

ABBEY RESOURCES CORP.

Unaudited
Financial Statements

As at and for the years ended

October 31, 2020 and 2019

Notice of No Auditor Review of Financial Statements

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. An auditor has not performed an audit or review of the financial statements.

Abbey Resources Corp.

March 8, 2021

Abbey Resources Corp.
Balance Sheets
(Unaudited, expressed in Canadian dollars)

As at	**October 31, 2020**	**October 31, 2019**
ASSETS		
Current		
Cash	**449,804**	**283,181**
Accounts receivable (note 6)	**859,412**	**729,373**
Prepaid expenses	**14,232**	**4,472**
Risk management asset (notes 5 and 14)	**-**	**633,885**
Total current assets	**1,323,448**	**1,650,911**
Non-current		
Exploration and evaluation assets (notes 7)	**28,354,605**	**26,066,272**
Property and equipment (note 8)	**293,377**	**166,842**
Total Assets	**29,971,430**	**27,884,025**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**14,953,298**	**9,981,888**
Current Finance lease obligations (note 10)	**31,910**	**29,411**
Current portion of long term debt (note 9)	**435,314**	**765,086**
Total current liabilities	**15,420,522**	**10,776,385**
Non-current		
Long term debt (note 10)	**40,000**	**436,882**
Finance lease obligations (note 10)	**63,631**	**38,719**
Decommissioning obligation (note11)	**28,354,605**	**26,064,250**
Total liability	**43,878,758**	**37,316,236**
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**1,255,581**	**1,255,581**
Contributed surplus	**156,837**	**156,837**
Deficit	**(15,319,746)**	**(10,844,629)**
Total shareholders' equity	**(13,907,328)**	**(9,432,211)**
Total Liabilities and Shareholders' Equity	**29,971,430**	**27,884,025**

The accompanying notes are integral to the financial statements.

Going concern (note 2)
Commitments (note 21)

Approved by Management:

(signed) *"Jim Gettis"*, President & CEO

Abbey Resources Corp.

Statement of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2020	Year ended October 31, 2019
REVENUE		
Natural gas revenue	**9,930,966**	**8,030,636**
Royalty expense	**(833,390)**	**(546,021)**
Natural gas revenue, net of royalties	**9,097,576**	**7,484,615**
Gain on disposal of equipment	**46,390**	**866,375**
Net gain (loss) on financial derivatives (note 12)	**48,425**	**(1,781,531)**
	9,192,391	6,569,459
EXPENSES		
Operating	**10,490,973**	**9,141,492**
Transportation	**1,158,094**	**1,281,734**
General and administrative	**1,434,872**	**1,214,023**
Finance (note 15)	**328,356**	**383,232**
Depreciation (note 8)	**68,666**	**38,970**
Impairment (note 7)	**186,547**	**3,110,411**
Total expenses	**13,667,508**	**15,169,862**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**(4,475,117)**	**(8,600,403)**

Going concern (note 2)
The accompanying notes are integral to the financial statements.

Abbey Resources Corp.

Statement of Changes in Equity

(Unaudited, expressed in Canadian dollars, except number of common shares)

	Number of Common shares	Share capital amount	Contributed Surplus	Retained Earnings (Deficit)	Total equity
Balance at October 31, 2018	**15,604,133**	**1,255,581**	**156,837**	**(2,244,226)**	**(831,808)**
Net loss and comprehensive loss	**-**	**-**		**(8,600,403)**	**(8,600,403)**
Balance at October 31, 2019	**15,604,133**	**1,255,581**	**156,837**	**(10,844,629)**	**(9,432,211)**
Net loss and comprehensive loss	**-**	**-**		**(4,475,117)**	**(4,475,117)**
Balance at October 31, 2020	**15,604,133**	**1,255,581**	**156,837**	**(15,319,746)**	**(13,907,328)**

Going concern (note 2)
The accompanying notes are integral to the financial statement.

Abbey Resources Corp.

Statement of Cash Flows

(Unaudited, expressed in Canadian dollars)

	Year ended October 31, 2020	Year ended October 31, 2019
Cash provided by (used in)		
OPERATING		
Net income (loss)	**(4,475,117)**	**(8,600,403)**
Items not involving cash:		
Unrealized hedging loss (gain) (note 12)	**633,885**	**3,415,968**
Depreciation (note 8)	**68,666**	**38,970**
Impairment (note 7)	**186,547**	**3,110,411**
Finance expense (note 15)	**328,820**	**384,644**
Asset retirement expenditures	**(21,889)**	**(35,827)**
Change in non-cash working capital (note 18)	**4,505,020**	**3,327,170**
Cash flow used in operating activities	**1,225,932**	**1,640,933**
FINANCING		
Lease obligations (note 10)	**(26,305)**	**(28,024)**
Increase in long-term debt (note 9)	**(726,654)**	**(1,038,842)**
Cash flow from financing activities	**(752,959)**	**(1,066,866)**
INVESTING		
Exploration and evaluation additions	**(469,570)**	**(635,722)**
Property and equipment net additions (note 8)	**(163,372)**	**(85,763)**
Change in non-cash working capital (note 18)	**326,592**	**287,074**
Cash flow used in investing activities	**(306,350)**	**(434,411)**
Increase in cash	**166,623**	**139,656**
Cash, beginning of period	**283,181**	**143,525**
Cash, end of period	**449,804**	**283,181**

Going concern (note 2)
The accompanying notes are integral to the financial statements.

1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address and principal place of business, of the Company is 700, 505 – 3rd Street, SW, Calgary, Alberta, Canada, T2P 3E6.

2. Going concern

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. For the period ended October 31, 2020, the Corporation has reported a net loss and comprehensive loss of $4,475,117 (October 31, 2019: net loss and comprehensive loss $8,600,403) and an accumulated deficit of $15,319,746 as at that date (October 31, 2019: $10,844,629) and a negative working capital of $14,097,072 (defined as current assets less current liabilities).

Property tax and lease rentals fixed costs associated with the Company’s assets have led to significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The ability to continue as a going concern is dependent on obtaining continued financial support, completing a private financing or generating profitable operations in the future. No relief from fixed costs indicate the existence of material uncertainties related to events or conditions that may cast significant doubt as to whether the Company can continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Management has a multi-stage plan in place to reduce the working capital deficiency over the next thirty-six months. The Company has significant value allocated to surplus equipment in excess of the current working capital deficiency. As part of generating profitable operations during this high fixed cost environment, the Company has entered into an agreement with a third party equipment broker to dispose of this excess equipment. The Company has been working with the surface lease owners on a rental reduction plan that includes lease rentals being charged on actual lease usage. In addition, the Company is currently working with the rural municipalities for cost reductions on property taxes and various government bodies. Along with reducing the operating costs of the assets, the surplus equipment sales will support a reduction in the working capital deficiency position for the Company. These financial statements reflect adjustments to the carrying values and expenses based on impairment indicators that were determined by the Company for the year ended October 31, 2020.

3. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by Management on January 20, 2020.

(b) Basis of measurement

The financial statements have been prepared on historical-cost basis except for financial derivatives which are measured at fair value. The financial statements are presented in Canadian dollars.

(c) Use of judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Identification of cash-generating units ("CGU")

The Company's assets will be aggregated into CGUs for the purpose of calculating depletion and impairment. The determination of CGUs requires judgement in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

- Impairment of petroleum and natural gas assets

Judgements are required to assess when impairment indicators exist and impairment testing is required. For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company will use in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

- Exploration and evaluation assets ("E&E")

The decision to transfer assets from E&E to property and equipment requires management to make certain judgements as to future events and is based on whether economic quantities of proved plus probable reserves have been found to determine a project's technical feasibility and commercial viability.

- Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amount recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) *Key sources of estimation uncertainty*

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

- Reserves

Estimation of reported recoverable quantities of proved and probable reserves will include judgmental assumptions regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It will also require interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from the Company's petroleum and natural gas interests will be evaluated by an internal reserve engineer at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if predictability is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves will be determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

- Share-based compensation

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

- Financial instruments

Financial instruments are subject to valuations at the end of each reporting period. Generally the valuation is based on active and efficient markets. However, certain financial instruments may not be traded on an efficient market or the market may disappear or be subject to conditions that impede the efficiency of the market.

- Decommissioning liabilities

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

- Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

- Business combinations

Business combinations are accounted for using the purchase method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

- Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

4. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to the periods presented in these financial statements where appropriate.

(a) Business Combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

(b) Financial instruments

Financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured based on their classification as described below:

- Fair value through profit or loss: Financial instruments under this classification include risk management assets and liabilities.
- Amortized cost: Financial instruments under this classification include cash, accounts receivable, deposits, accounts payable and long term debt.

(c) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(d) Property and equipment and intangible exploration assets

(i) *Recognition and measurement*

- Exploration and evaluation expenditures

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, will be initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is expensed in profit or loss.

- Development and production costs

All costs directly associated with the development and production of oil and natural gas interests are capitalized on an area-by-area basis as oil and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs will include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers from evaluation assets.

(ii) *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) *Depletion and depreciation*

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved-plus-probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates will be reviewed by an internal reserve engineer at least annually.

Proved-plus-probable reserves are estimated annually by qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim financial statements, internal estimates of changes in reserves and future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test will be completed each year. E&E assets will be assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets will be grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows will be discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven-plus-probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

The goodwill acquired in an acquisition, for the purpose of impairment testing, will be allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets will be allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property and equipment.

An impairment loss will be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs will be allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years will be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(f) Provisions

Provisions will be recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions will be stated at the present value of the expenditure expected to settle the obligation. The obligation will not be recorded and disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(i) *Decommissioning obligations*

The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company's decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets. The asset recorded is depleted on a unit-of-production basis over the life of the reserves. The liability amount will be increased each reporting period due to the passage of time and the amount of accretion will be charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(g) Revenue recognition

Revenue from contracts with customers is recognized when or as Abbey satisfies a performance obligation by transferring a promised good or service to a customer. The transfer of control of natural gas usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession. The transaction price for variable contracts is based on the commodity price, adjusted for quality, location and other factors. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period.

Abbey evaluates its arrangements with 3rd parties and partners to determine if a principal or agent relationship exists. In making this evaluation, management considers if it maintains control of the product, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If an agency relationship exists, then the revenue is recognized net of fees, if any, realized by the party from the transaction.

(h) Finance income and expense

Interest income is recognized in earnings in the period it occurs, using the effective interest method.

Finance expense will be comprised of interest expense on borrowings, accretion of the discount on provisions, and transaction costs on business combinations and impairment losses recognized on financial assets.

(i) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Share-based compensation

The Company applies the fair-value method for valuing share option grants using the Black-Scholes option pricing model. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and are expensed with a corresponding increase to contributed surplus. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

(k) Leased assets

Leases that transfer substantially all of the benefits and risks of ownership to the Company will be accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(l) Flow-through shares

The resources expenditure deductions for income tax purposes related to exploratory activities funded by flow-through shares are renounced to investors in accordance with tax legislation. Upon issuance of a flow-through share, a liability is recognized representing the premium paid on flow-through common shares over regular common shares. This liability is reduced as the expenditures are incurred and tax attributes are renounced.

(m) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Abbey is identifying leases and arrangements qualifying as leases under IFRS 16 and determining any financial impact on its financial statements. This accounting policy has not been adopted by the Company as October 31, 2020.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have and will be been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices

included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

(a) Property and equipment and exploration and evaluation assets

The fair values of property and equipment and exploration and evaluation assets recognized in an acquisition are based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of oil and natural gas interests (included in property and equipment) and exploration and evaluation assets are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on external and Company reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Derivatives

The fair value of commodity price risk management contracts is determined by calculating the difference between the contracted prices and market price as at the balance sheet date, using the remaining contracted oil and natural gas volumes.

(c) Cash, accounts receivable, accounts payable and accrued liabilities, and long term debt

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and long term debt approximates their carrying value due to their short term to maturity.

(d) Share-based payments

The fair value of share-based payments is measured using the Black-Scholes option pricing model. Measurement inputs include estimated share price, exercise price, expected volatility (based on weighted average historic volatility of similar sized companies based on publicly available information), weighted average expected life (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

6. Financial instruments and risk management

(a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

(b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

At October 31, 2020, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. The $859,412 of accounts receivable outstanding at October 31, 2020 is owed by 3 parties and the majority of the balance was received subsequent to year end. As at October 31, 2030, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

The Company's cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet it's short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. The fixed cost escalation and distressed gas price environment has led to significant doubt as to the ability of the Company to meet its obligations as they come due and accordingly the appropriateness of the use of accounting principles applicable to a going concern exist (note 2).

The Company's financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities. .

At October 31, 2020, the Company had short-term and long-term debt comprised of prepaid gas contracts. On November 1, 2017, the Company entered into a contract for 804 GJ/day of Gas production and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

The following are the contractual maturities of financial liabilities as at October 31, 2020:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	$ 14,953,298	$ 14,953,298	$ -
Finance lease obligations	95,541	31,910	63,631
Debt	475,314	435,314	40,000
Total	**$ 15,524,153**	**$ 15,420,522**	**$ 103,631**

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

(i) *Foreign currency risk*

Prices for oil are determined in global markets and generally denominated in United States dollars. Natural gas prices will be influenced by both U.S. and Canadian demand and the corresponding North American supply, and by imports of liquefied natural gas. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and natural gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and natural gas commodities.

The Company currently does not have any exposure to a foreign currency risk.

(ii) *Commodity price risk*

The expected nature of the Company's operations will result in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic events that dictate the levels of supply and demand. Abbey's management will continuously monitor commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

Declining commodity prices result in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, resulting in less production growth.

(e) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

(Unaudited, expressed in Canadian dollars)

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

7. Exploration and evaluation assets

	Year ended October 31, 2020	Year ended October 31, 2019
Cost		
Balance, beginning of period	**$ 26,066,272**	**$ 37,287,340**
Property acquisitions	**-**	**-**
Additions	**469,570**	**635,722**
Impairment loss	**(186,547)**	**(3,110,411)**
Change in decommissioning provision (note 12)	**2,005,310**	**(8,746,379)**
Net book value:		
Balance, end of period	**$ 28,354,605**	**$ 26,066,272**

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for expenditures incurred on Abbey's core assets and assets are pending the determination of technical feasibility. Once economic feasibility is determined on the Milk River assets, the assets will be moved to Property and Equipment. The Company determined that indicators of impairment existed due to the distressed gas prices and recorded an impairment loss of $186,547 during the year ended October 31, 2020.

8. Property and equipment

	Corporate	Accumulated DD&A	Total
Cost			
October 31, 2018	**$ 205,028**	**$ 70,761**	**$ 134,267**
Additions	85,763	38,970	46,793
Dispositions	(35,827)	(21,609)	(14,218)
October 31, 2019	**$ 254,964**	**$ 88,122**	**$ 166,842**
Additions	163,372	36,837	126,535
Net book value:			
October 31, 2020	**$ 418,336**	**$124,959**	**$ 293,377**

The increase in Property and Equipment is for field equipment purchased in the current year. The equipment is part of the operating cost reduction plan to utilize Abbey equipment and reduce rental equipment. As at October 31, 2020, the Company has three lease-to-own vehicles (note11).

For the period ended October 31, 2020, the Company did not capitalize any general and administrative expenses, consistent with the prior year.

9. Debt

The Company has utilized prepaid gas contracts to purchase assets. At October 31, 2020, the Company had short-term debt comprised of a prepaid gas contract (Contract 3). On November 1, 2017, the Company entered into a contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of

(Unaudited, expressed in Canadian dollars)

Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement. To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

At October 31, 2020 the balance of the debt was $435,314.

	Year ended October 31, 2020	Year ended October 31, 2019
Current liability	$ 435,314	$ 765,086
Non-current liability	-	436,882
Total debt	**$ 435,314**	**$ 1,201,968**

As part of the Government of Canada Economic Response Plan, the Company was eligible for the Canada Emergency Business Account loan of $40,000. This loan is due December 31, 2022. In the Company repays the balance of the loan on or before December 31, 2022, debt forgiveness of $10,000 will occur. This loan is shown as other debt under non-current liability.

10. Finance lease obligations

At October 31, 2020, the Company had short-term and long-term finance lease obligations for field vehicles. The obligations are considered finance leases and are recognized as a liability on the interim balance sheet. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The terms of the obligation provide the Company with the right to obtain substantially all of the economic benefits from the use of the vehicles over the length of the obligation. The finance leases bear interest at an implicit rate of 0.15 to 0.69.

	Year ended October 31, 2020	Year Ended October 31, 2019
Current liability	$ 31,910	$29,411
Non-current liability	63,631	38,719
Total debt	**$ 95,541**	**$68,130**

Minimum lease payments, comprising interest expense and principal repayments, under the Company's finance lease obligations are as follows:

Year	As at October 31, 2020
2020	6,219
2021	30,275
2022	25,410
2023	16,653
2024	13,587
2025	3,397
	$ 95,541

(Unaudited, expressed in Canadian dollars)

11. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 1.25 percent (October 31, 2019 -1.58 percent) and an inflation rate of 2 percent (October 31, 2019 – 2 percent). The Company has estimated the net present value of the decommissioning obligations to be $28,354,605 as at October 31, 2020. The undiscounted, uninflated total future liability at October 31, 2020 is $21,602,810. The payments are expected to be incurred over the operating lives of the assets.

The following table reconciles the decommissioning liability:

	Year ended October 31, 2020	Year ended October 31, 2019
Balance, beginning of period	**$ 26,064,250**	**$ 34,461,813**
Property acquisitions	-	-
Expenditures	(21,889)	(35,827)
Change in estimates (1)	1,983,423	(8,746,380)
Accretion expense	328,820	384,644
Balance, end of period	**$ 28,354,605**	**$ 26,064,250**

12. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at October 31, 2020 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD$/GJ)I
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	$2.73/GJ

Risk Management Asset	Current Asset	Long term Asset
Balance at October 31, 2020	**-**	**-**
Balance at October 31, 2019	**633,885**	**-**

The following table show the Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Derivatives:

Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Instruments	Year ended October 31, 2020	Year Ended October 31, 2019
Realized gain on financial derivatives	$ **682,310**	$ **1,634,437**
Unrealized loss on financial derivatives	(633,885)	(3,415,968)
Net gain (loss) on financial derivatives	**$ 48,425**	**$ (1,781,531)**

13. Share capital

(a) Authorized

(Unaudited, expressed in Canadian dollars)

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at October 31, 2020.

(b) Common Shares issued and outstanding

	Number	Amount
Balance at October 31, 2020 and 2019	**15,604,133**	**1,255,581**

(c) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At October 31, 2020, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	Options	Price
Balance at October 31, 2020 and 2019	**2,500,000**	**$ 0.10**
Exercisable at October 31, 2020 and 2019	**2,500,000**	**$ 0.10**

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies.

14. Revenue

The Company sells its production pursuant to fixed and variable priced contracts with a third party gas marketer. The transaction price for variable priced contracts is based on the commodity price, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a volume of natural gas to the contract counterparty on a best efforts basis. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue related specifically to the Company's efforts to deliver production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained. The sale of produced commodities are under contracts for the life of the reserves. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's commodity sales:

Natural gas	**Year ended October 31, 2020**	**Year ended October 31, 2019**
Sales from production	**$ 9,930,966**	**$ 8,030,636**
Realized gain on financial derivatives	682,310	1,634,437
	$ 10,613,276	**$ 9,665,073**

(Unaudited, expressed in Canadian dollars)

At October 31, 2020, receivables from contracts with a third party gas marketer, which are included in accounts receivable, were $853,676 ($725,450 at October 31, 2019).

15. Finance expense

Finance expense consists of accretion on decommissioning obligations of $328,356 for the period ended October 31, 2020 and $383,232 for the period ended October 31, 2019.

16. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

17. Income taxes

(a) Deferred income taxes recovery

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial income tax rate to the Company's loss before income tax. This difference results from the following items:

	October 31, 2020	October 31, 2019
Income (loss) before income taxes	$ (4,414,503)	$ (8,600,402)
Statutory tax rate	13%	13%
Expected income taxes recovery	(573,885)	(1,118,052)
Change in estimate and other	31,312	(2,008)
Tax assets (liability) not recognized	542,573	1,120,060
Deferred income taxes recovery	$ -	$ -

(b) Deferred tax assets (liabilities) have not been recognized in respect of the following temporary differences:

(Unaudited, expressed in Canadian dollars)

	October 31, 2020	October 31, 2019
Property and equipment	$ (3,158,618)	$ (2,835,777)
Asset retirement obligations	3,686,099	3,388,353
Unrealized hedging loss (gain)	-	(64,290)
Non-capital losses	1,457,858	954,480
	$ 1,985,339	$ 1,442,766

The Company has available an estimated non-capital loss carry-forward amount of $11,214,293. The non-capital loss carry-forwards will expire between 2034 and 2040. The Company has an open audit with the Canadian Revenue Agency as at October 31, 2020.

18. Supplemented cash flows information

Changes in non-cash working capital are comprised of sources (uses of) cash:

	October 31, 2020	October 31, 2019
Accounts receivable	$ (130,039)	$ 48,095
Prepaid expenses	(9,760)	1,500
Accounts payable and accrued liabilities	4,971,411	3,564,649
	4,813,612	3,614,244
Relating to:		
Operating activities	4,505,020	3,327,170
Investing activities	$ 326,592	$ 287,074

19. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	October 31, 2020	October 31, 2019
Employee costs	$ 571,873	$ 444,884
Consultants	571,942	593,467
Professional fees	81,031	36,168
Business development	4,650	443
Office costs	142,781	78,850
Computer software	60,595	60,211
	$ 1,434,872	$ 1,214,023

20. Related party transactions

(a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	October 31, 2020	October 31, 2019
Consultants	$ 307,590	$ 295,216
Total key management remuneration	**$ 307,590**	**$ 295,216**

21. Commitments

(a) Office lease

The Company has agreed to a month-to-month sublease for office space at $1,815 per month.

(Unaudited, expressed in Canadian dollars)

(b) Prepaid gas contract

On November 1, 2017, the Company entered into a contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.49 per GJ fixed over the term of the agreement.

To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

The following table shows the balance of the Prepaid Gas Contracts at October 31, 2020.

	Year ended October 31, 2020	Year ended October 31, 2019
	$ 435,314	$ 1,201,968
Total prepaid gas contract	**$ 435,314**	**$ 1,201,968**

(c) Canada Emergency Business Account Loan

As part of the Government of Canada Economic Response Plan, the Company was eligible for the Canada Emergency Business Account loan of $40,000. This loan is due December 31, 2022. In the Company repays the balance of the loan on or before December 31, 202, debt forgiveness of $10,000 will occur. This loan is shown as other debt under non-current liability.

(d) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831.

In relation to the March 1, 2017 acquisition, the seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full.. The Seller has paid a Security deposit on Abbey's behalf in the amount of $16,322,771. The Security Deposit fees have not been recorded into the October 31, 2020, Financial Statements.

THIS IS EXHIBIT "**H**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and
for the Province of Alberta
Being a Solicitor

ABBEY RESOURCES CORP.

Unaudited

Financial Statements

As at and for the years ended

October 31, 2016 and 2015

Abbey Resources Corp.
Balance Sheets
(unaudited, expressed in Canadian dollars)

As at	**October 31, 2016**	**October 31, 2015**
ASSETS		
Current		
Cash	**1,850,990**	15,295
Accounts receivable (note 6)	**734,644**	4,357
Prepaid expenses	**5,000**	3,000
Total current assets	**2,590,634**	22,652
Non-current		
Exploration and evaluation assets (notes 7 and 8)	**14,600,918**	219,291
Property and equipment (note 9)	**4,178**	-
Total Assets	**17,195,730**	241,943
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**1,396,550**	63,169
Current portion of long term debt (note 10)	**409,984**	-
Risk management liability (notes 5 and 12)	**70,601**	-
Total current liabilities	**1,877,135**	63,169
Non-current		
Long term debt (note 10)	**1,229,953**	-
Decommissioning obligation (note11)	**14,770,962**	-
Risk management liability (notes 5 and 12)	**1,059,008**	-
Total liability	**18,937,058**	63,169
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**1,255,581**	1,135,581
Contributed surplus	**156,837**	-
Deficit	**(3,153,746)**	(956,807)
Total shareholders' equity	**(1,741,328)**	178,774
Total Liabilities and Shareholders' Equity	**17,195,730**	241,943

The accompanying notes are integral to the financial statements.

Commitments (note 20)
Subsequent events (note 21)

Approved by Management:

(signed) *"Jim Gettis"*, President & CEO

Abbey Resources Corp.

Statement of Net Loss and Comprehensive Loss

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2016	Year ended October 31, 2015
REVENUE		
Natural gas revenue	**1,394,431**	**-**
Royalty expense	**(26,531)**	**-**
Natural gas revenue, net of royalties	**1,367,900**	**-**
Net loss on financial derivatives (note 12)	**(1,146,069)**	-
	221,831	-
EXPENSES		
Operating	**1,700,313**	-
Transportation	**142,823**	**-**
General and administrative	**344,907**	**96,522**
Share-based compensation	**156,837**	**-**
Finance (note 14)	**73,489**	**-**
Depreciation (note 9)	**401**	**10,064**
Total expenses	**2,418,770**	**106,586**
NET LOSS AND COMPREHENSIVE LOSS	**(2,196,939)**	**(106,586)**

The accompanying notes are integral to the financial statements.

Abbey Resources Corp.

Statement of Changes in Equity

(unaudited, expressed in Canadian dollars, except number of common shares)

	Number of Common shares	Share capital amount	Contributed Surplus	Deficit	Total equity
Balance at October 31, 2014	**13,303,343**	**1,025,502**	**-**	**(850,221)**	**175,281**
Issuance of common shares (note 13)	1,100,790	110,079	-	-	110,079
Net loss and comprehensive loss	-	-	-	(106,586)	(106,586)
Balance at October 31, 2015	**14,404,133**	**1,135,581**	**-**	**(956,807)**	**178,774**
Issuance of common shares (note 13)	**1,200,000**	**120,000**	**-**	**-**	**120,000**
Share-based compensation (note 13)	**-**	**-**	**156,837**	**-**	**156,837**
Net loss and comprehensive loss	**-**	**-**	**-**	**(2,196,939)**	**(2,196,939)**
Balance at October 31, 2016	**15,604,133**	**1,255,581**	**156,837**	**(3,153,746)**	**(1,741,328**

The accompanying notes are integral to the financial statement.

Abbey Resources Corp.

Statement of Cash Flows

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2016	Year ended October 31, 2015
Cash provided by (used in)		
OPERATING		
Net loss	**(2,196,939)**	**(106,586)**
Items not involving cash:		
Share-based compensation (note 13)	**156,837**	**-**
Unrealized hedging loss (note 12)	**1,129,609**	**-**
Depreciation (note 9)	**401**	**10,064**
Finance expense (note 14)	**73,489**	**-**
Change in non-cash working capital (note 17)	**601,094**	**(5,793)**
Cash flow used in operating activities	**(235,509)**	**(90,729)**
FINANCING		
Issuance of common shares (note 13)	**120,000**	**110,078**
Property acquisition release (note 7)	**315,846**	**-**
Increase in long-term debt (note 10)	**1,639,937**	**-**
Cash flow from financing activities	**2,075,783**	**110,078**
INVESTING		
Property and equipment additions (note 9)	**(4,579)**	**-**
Cash flow used in investing activities	**(4,579)**	**-**
Increase in cash	**1,835,695**	**7,763**
Cash, beginning of period	**15,295**	**7,532**
Cash, end of period	**1,850,990**	**15,295**

The accompanying notes are integral to the financial statements.

1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address, and principal place of business, of the Company is 700, 505 – 3rd Street, SW, Calgary, Alberta, Canada, T2P 3E6.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by Management on January 31, 2017.

(b) Basis of measurement

The financial statements have been prepared on historical-cost basis except for financial derivatives which are measured at fair value. The financial statements are presented in Canadian dollars.

(c) Use of judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Identification of cash-generating units ("CGU")

The Company's assets will be aggregated into CGUs for the purpose of calculating depletion and impairment. The determination of CGUs requires judgement in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

- Impairment of petroleum and natural gas assets

Judgements are required to assess when impairment indicators exist and impairment testing is required. For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company will use in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

- Exploration and evaluation assets ("E&E")

The decision to transfer assets from E&E to property and equipment requires management to make certain judgements as to future events and is based on whether economic quantities of proved plus probable reserves have been found to determine a project's technical feasibility and commercial viability.

- Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amount recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) *Key sources of estimation uncertainty*

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

- Reserves

Estimation of reported recoverable quantities of proved and probable reserves will include judgmental assumptions regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It will also require interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from the Company's petroleum and natural gas interests will be evaluated by an internal reserve engineer at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if producibility is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves will be determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

- Share-based compensation

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

- Financial instruments

Financial instruments are subject to valuations at the end of each reporting period. Generally the valuation is based on active and efficient markets. However, certain financial instruments may not be traded on an efficient market or the market may disappear or be subject to conditions that impede the efficiency of the market.

- Decommissioning liabilities

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

- Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

- Business combinations

Business combinations are accounted for using the purchase method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

- Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to the periods presented in these financial statements where appropriate.

(a) Business Combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

(b) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise of cash, accounts receivable, and accounts payable and accrued liabilities and long term debt. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- Cash

Cash is comprised of cash on hand and is measured similar to other non-derivative financial instruments.

- Other

Other non-derivative financial instruments, such as accounts receivable, and accounts payable and accrued liabilities and long term debt, are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) *Risk Management Contracts*

The Company enters into risk management contracts in order to manage its exposure to market risks from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. The Company has not designated its risk management contracts as effective hedges, and thus has not applied hedge accounting, even though it considers most of these contracts to be economic hedges. As a result, all risk management contracts are classified as fair value through profit or loss and are recorded at fair value on the balance sheet with changes in fair value recorded in the statement of income (loss) and comprehensive income (loss). The fair values of these derivative instruments are generally based on an estimate of the amounts that would be paid or received to settle these instruments at the balance sheet date.

(iii) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(c) Property and equipment and intangible exploration assets

(i) *Recognition and measurement*

- Exploration and evaluation expenditures

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, will be initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is expensed in profit or loss.

- Development and production costs

All costs directly associated with the development and production of oil and natural gas interests are capitalized on an area-by-area basis as oil and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs will include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers from evaluation assets.

(ii) *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) *Depletion and depreciation*

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved-plus-probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates will be reviewed by an internal reserve engineer at least annually.

Proved-plus-probable reserves are estimated annually by qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim financial statements, internal estimates of changes in reserves and future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company’s non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test will be completed each year. E&E assets will be assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets will be grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows will be discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven-plus-probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm’s length transaction between knowledgeable and willing parties.

The goodwill acquired in an acquisition, for the purpose of impairment testing, will be allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets will be allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property and equipment.

An impairment loss will be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs will be allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years will be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(e) Provisions

Provisions will be recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions will be stated at the present value of the expenditure expected to settle the obligation. The obligation will not be recorded and disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(i) *Decommissioning obligations*

The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company’s decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets. The asset recorded is depleted on a unit-of-production basis over the life of the reserves. The liability amount will be increased each reporting period due to the passage of time and the amount of accretion will be charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(f) Revenue recognition

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party.

The costs associated with the delivery, including operating and maintenance costs, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

(g) Finance income and expense

Interest income is recognized in earnings in the period it occurs, using the effective interest method.

Finance expense will be comprised of interest expense on borrowings, accretion of the discount on provisions, and transaction costs on business combinations and impairment losses recognized on financial assets.

(h) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based compensation

The Company applies the fair-value method for valuing share option grants using the Black-Scholes option pricing model. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and are expensed with a corresponding increase to contributed surplus. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

(j) Leased assets

Leases that transfer substantially all of the benefits and risks of ownership to the Company will be accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(k) Flow-through shares

The resources expenditure deductions for income tax purposes related to exploratory activities funded by flow-through shares are renounced to investors in accordance with tax legislation. Upon issuance of a flow-through share, a liability is recognized representing the premium paid on flow-through common shares over regular common shares. This liability is reduced as the expenditures are incurred and tax attributes are renounced.

4. Significant accounting policies

Future Accounting Changes

The following pronouncements from the IASB will become effective or were amended for financial reporting periods beginning on or after January 1, 2016 and have not yet been adopted by the Company. These new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

IFRS 9 – Financial Instruments replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 11 – Joint Arrangements was amended to add new guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The amendments to IFRS 11 are effective for annual reporting periods beginning on or after January 1, 2016.

IFRS 15 – Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition **guidance**, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.* IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 16 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor') and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have and will be been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

(a) Property and equipment and exploration and evaluation assets

The fair values of property and equipment and exploration and evaluation assets recognized in an acquisition are based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of oil and natural gas interests (included in property and equipment) and exploration and evaluation assets are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on external and Company reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Derivatives

The fair value of commodity price risk management contracts is determined by calculating the difference between the contracted prices and market price as at the balance sheet date, using the remaining contracted oil and natural gas volumes.

(c) Cash, accounts receivable, accounts payable and accrued liabilities, and long term debt

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and long term debt approximates their carrying value due to their short term to maturity.

(d) Share-based payments

The fair value of share-based payments is measured using the Black-Scholes option pricing model. Measurement inputs include estimated share price, exercise price, expected volatility (based on weighted average historic volatility of similar sized companies based on publicly available information), weighted average expected life (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

6. Financial instruments and risk management

(a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

(b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

At October 31, 2016, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. The $734,644 of accounts receivable outstanding at October 31, 2016 is owed by 3 parties and the majority of the balance was received subsequent to year end. As at October 31, 2016, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

The Company's cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Company's financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operating cash flows, as well as future equity and debt financings.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a normal period. To achieve this objective, the Company prepares monthly operational and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company has a hedging policy in order to reduce commodity price volatility related to its cashflows and a prepaid gas contract to ensure working capital is established to meet the obligations of the Company. The Company utilizes authorizations for expenditures on operated and non-operated projects to further manage capital expenditures. The Company also attempts to match its payment cycle with collection of natural gas revenue on the 25th day of each month. The Company monitors its net debt position and forecasts its prepaid gas contract obligations to ensure appropriate measures are taken to continue to meet its obligations. The Company is not in breach of any obligation.

At October 31, 2016, the Company had short-term and long-term debt comprised of a prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement.

The following are the contractual maturities of financial liabilities as at October 31, 2016:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	$ 1,396,550	$ 1,396,550	$ -
Debt	1,639,937	409,984	1,229,953
Total	**$ 3,036,487**	**$ 1,806,534**	**$ 1,229,953**

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

(i) *Foreign currency risk*

Prices for oil are determined in global markets and generally denominated in United States dollars. Natural gas prices will be influenced by both U.S. and Canadian demand and the corresponding North American supply, and by imports of liquefied natural gas. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and natural gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and natural gas commodities.

The Company currently does not have any exposure to a foreign currency risk.

(unaudited, expressed in Canadian dollars)

(ii) *Commodity price risk*

The expected nature of the Company's operations will result in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic events that dictate the levels of supply and demand. Abbey's management will continuously monitor commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

Declining commodity prices result in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, resulting in less production growth.

(e) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

7. Business combination

On August 4, 2016 Abbey closed an acquisition of natural gas assets in the Milk River area of Saskatchewan, for total cash consideration of $10. The seller paid Abbey an amount of $315,856 at time of closing to release the seller from any action, claim and demand whatsoever on the Assets or transactions included in the Purchase and Sale agreement. The seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831. The transaction was accounted for as a business combination using the purchase method whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The following table summarizes the net assets acquired pursuant to the acquisition:

Fair value of net assets acquired	
Exploration and evaluation assets	$3,943,311
Cash	315,856
Decommissioning obligations	(4,259,157)
Total net asset acquired	**$ 10**

(unaudited, expressed in Canadian dollars)

8. Exploration and evaluation assets

	Total
Cost	
Balance at October 31, 2015	**$ 219,291**
Property acquisitions (note 7)	3,943,311
Increase in decommissioning provision (note 11)	10,438,316
Net book value:	
Balance at October 31, 2016	**$ 14,600,918**

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for Abbey's Milk River assets acquired on August 4, 2016 (note 7) which are pending the determination of technical feasibility. Once the equipment is put in use and economic feasibility is determined on the Milk River assets the assets will be moved to Property and Equipment.

9. Property and equipment

	Natural gas interests	Corporate	Total
Cost			
Balance at October 31, 2015	**$ -**	**$ -**	**$ -**
Additions	-	4,579	4,579
Balance at October 31, 2016	**-**	**4,579**	**4,579**
Accumulated depreciation			
Balance at October 31, 2015	**-**	**-**	**-**
Depreciation	-	401	401
Balance at October 31, 2016	**-**	401	401
Net book value:			
October 31, 2016	**$ -**	**$ 4,178**	**$ 4,178**

For the period ended October 31, 2016, the Company did not capitalize any general and administrative expenses.

10. Debt

At October 31, 2016, the Company had short-term and long-term debt comprised of a prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. To secure the payment of the cash consideration, the Buyer has issued a Fixed and Floating Charge Demand Debenture and Negative Pledge of $2,750,000 secured over the assets of the Company. At October 31, 2016 the balance of the debt was $1,639,937.

11. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 1.85 percent and an inflation rate of 2 percent. Changes in estimates are due to the change of a credit adjusted risk free rate of 8 percent at the time of acquisition to a risk free rate of 1.85 percent at October 31, 2016. The Company has estimated the net present value of the decommissioning obligations to be $14,770,962 as at October 31, 2016. The undiscounted, uninflated total future liability at October 31, 2016 is $15,254,550. The payments are expected to be incurred over the operating lives of the assets.

(unaudited, expressed in Canadian dollars)

The following table reconciles the decommissioning liability:

	Total
Balance at October 31, 2015	**$ -**
Property acquisitions (note 7)	4,259,157
Change in estimates	10,438,316
Accretion expense	73,489
Net book value:	
Balance at October 31, 2016	**$ 14,770,962**

12. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at October 31, 2016 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD$/GJ)l
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	$2.73/GJ

Risk Management Liability	Current Liability	Long term Liability
Balance at October 31, 2016	**70,601**	**1,059,008**
Balance at October 31, 2015	**-**	**-**

Earnings Impact of Realized and Unrealized Gains on Commodity Financial Instruments	Year ended October 31, 2016	Year ended October 31, 2015
Realized loss on financial derivatives	**$ 16,460**	$ -
Unrealized loss on financial derivatives	1,129,609	-
Net loss on financial derivatives	**$ 1,146,069**	**$ -**

13. Share capital

(a) Authorized

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at October 31, 2016.

(unaudited, expressed in Canadian dollars)

(b) Common Shares issued and outstanding

	Number	Amount
Balance at October 31, 2014	**13,303,343**	**1,025,502**
Issued under private placement	1,100,790	110,079
Balance at October 31, 2015	**14,404,133**	**1,135,581**
Issued under private placement	1,200,000	120,000
Balance at October 31, 2016	**15,604,133**	**1,255,581**

(c) Share transactions

On June 16, 2016, the Company issued 400,000 Common Shares at $0.10 per Common Share for total cash proceeds of $40,000.

On October 3, 2016, the Company issued 800,000 Common Shares at $0.10 per Common Share for total cash proceeds of $80,000.

(d) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At October 31, 2016, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	Options	Price
Balance at October 31, 2014 and October 31, 2015	**500,000**	**$ 0.10**
Granted – January 1, 2016	2,000,000	$ 0.10
Balance at October 31, 2016	**2,500,000**	**$ 0.10**
Exercisable at October 31, 2016	**2,500,000**	**$ 0.10**

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies. Shared-based compensation expense was booked in the current year of $156,837 for all stock options issued and outstanding.

14. Finance expense

Finance expense consists of accretion on decommissioning obligations of $73,489 for the period ended October 31, 2016.

(unaudited, expressed in Canadian dollars)

15. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

16. Income taxes

(a) Deferred income taxes recovery

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial income tax rate to the Company's loss before income tax. This difference results from the following items:

	October 31, 2016	October 31, 2015
Loss before income taxes	$ (2,196,939)	$ (106,586)
Statutory tax rate	13%	13%
Expected income taxes recovery	(285,602)	(13,856)
Share-based compensation	20,389	-
Change in estimate and other	(3,483)	1,308
Tax assets not recognized	268,696	12,548
Deferred income taxes recovery	$ -	$ -

(b) Deferred tax assets have not been recognized in respect of the following temporary differences:

	October 31, 2016	October 31, 2015
Property and equipment	$ (14,745,394)	$ (54,650)
Asset retirement obligations	14,770,962	-
Unrealized hedging loss	1,129,609	-
Non-capital losses	1,130,752	273,686
	$ 2,285,929	$ 219,036

The Company has available an estimated non-capital loss carry-forward amount of $1,130,752. The non-capital loss carry-forwards will expire between 2034 and 2036. The Company has an open audit with the Canadian Revenue Agency as at October 31, 2016.

(unaudited, expressed in Canadian dollars)

17. Supplemented cash flows information

Changes in non-cash working capital is comprised of sources (uses of) cash:

	October 31, 2016	October 31, 2015
Accounts receivable	$ (730,287)	$ (1,992)
Prepaid expenses	(2,000)	(3000)
Accounts payable and accrued liabilities	1,333,381	(801)
	601,094	(5,793)
Relating to:		
Operating activities	601,094	(5,793)
	$ 601,094	$ (5,793)

18. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	October 31, 2016	October 31, 2015
Employee costs	$ 16,736	$ -
Consultants	262,677	95,261
Professional fees	6,922	1,165
Business development	36,384	-
Office costs	17,502	96
Computer software	4,686	-
	$ 344,907	$ 96,522

19. Related party transactions

(a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	October 31, 2016	October 31, 2015
Consultants	$ 252,500	$ 85,180
Business development	8,481	-
Share based compensation	156,837	-
Operating expense	2,819	-
Total key management remuneration	**$ 420,637**	**$ 85,180**

20. Commitments

(a) Office lease

The Company has agreed to a month-to-month sublease for office space at $1,450 per month.

(b) Prepaid gas contract

At October 31, 2016, the Company had short-term and long-term debt comprised of a prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. To secure the payment of the cash consideration, the Buyer has issued a Fixed and Floating Charge Demand Debenture and Negative Pledge of $2,750,000 secured over the assets of the Company. At October 31, 2016 the balance of the debt was $1,639,937 (note 10).

(c) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831 (note 7).

ABBEY RESOURCES CORP.

Unaudited
Financial Statements

As at and for the years ended

October 31, 2017 and 2016

Abbey Resources Corp.

Balance Sheets

(unaudited, expressed in Canadian dollars)

As at	**October 31, 2017**	**October 31, 2016**
ASSETS		
Current		
Cash	**299,889**	**1,850,990**
Accounts receivable (note 6)	**971,929**	**734,644**
Prepaid expenses	**-**	**5,000**
Risk management asset (notes 5 and 13)	**2,999,629**	**-**
Total current assets	**4,271,447**	**2,590,634**
Non-current		
Risk management asset (notes 5 and 13)	**5,999,258**	**-**
Exploration and evaluation assets (notes 7 and 8)	**35,701,013**	**14,600,918**
Property and equipment (note 9)	**106,673**	**42,682**
Total Assets	**46,078,391**	**17,234,234**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,757,887**	**1,396,550**
Current Finance lease obligations (note 9 and 11)	**24,983**	**7,422**
Current portion of long term debt (note 10)	**787,775**	**409,984**
Risk management liability (notes 5 and 13)	**-**	**70,601**
Total current liabilities	**3,570,645**	**1,884,557**
Non-current		
Long term debt (note 10)	**1,079,198**	**1,229,953**
Finance lease obligations (note 9 and 11)	**58,314**	**21,027**
Decommissioning obligation (note12)	**35,045,298**	**14,770,962**
Risk management liability (notes 5 and 13)	**-**	**1,059,008**
Total liability	**39,753,455**	**18,965,507**
SHAREHOLDERS' EQUITY		
Share capital (note 14)	**1,255,581**	**1,255,581**
Contributed surplus	**156,837**	**156,837**
Deficit	**4,912,518**	**(3,143,691)**
Total shareholders' equity	**6,324,936**	**(1,731,273)**
Total Liabilities and Shareholders' Equity	**46,078,391**	**17,234,234**

The accompanying notes are integral to the financial statements.

Commitments (note 21)
Subsequent events (note 22)

Approved by Management:

(signed) *"Jim Gettis"*, President & CEO

Abbey Resources Corp.

Statement of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2017	Year ended October 31, 2016
REVENUE		
Natural gas revenue	**9,294,300**	**1,394,431**
Royalty expense	**(468,593)**	**(26,531)**
Natural gas revenue, net of royalties	**8,825,707**	**1,367,900**
Net gain (loss) on financial derivatives (note 13)	**12,179,781**	**(1,146,069)**
	21,005,488	**221,831**
EXPENSES		
Operating	**10,167,048**	**1,700,313**
Transportation	**1,034,967**	**142,823**
General and administrative	**1,088,923**	**344,907**
Share-based compensation	**-**	**156,837**
Finance (note 15)	**630,084**	**73,489**
Depreciation (note 9)	**28,257**	**401**
Total expenses	**12,949,279**	**2,418,770**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**8,056,209**	**(2,196,939)**

The accompanying notes are integral to the financial statements.

Abbey Resources Corp.

Statement of Changes in Equity

(unaudited, expressed in Canadian dollars, except number of common shares)

	Number of Common shares	Share capital amount	Contributed Surplus	Retained Earnings (Deficit)	Total equity
Balance at October 31, 2015	**14,404,133**	**1,135,581**	**-**	**(956,807)**	**178,774**
Issuance of common shares (note 14)	1,200,000	120,000	-	-	120,000
Share-based compensation (note 14)	-	-	156,837	-	156,837
Net loss and comprehensive loss	-	-	-	(2,186,884)	(2,186,884)
Balance at October 31, 2016	**15,604,133**	**1,255,581**	**156,837**	**(3,143,691)**	**(1,731,273)**
Net income and comprehensive income	-	-	-	8,056,209	8,056,209
Balance at October 31, 2017	**15,604,133**	**1,255,581**	**156,837**	**4,912,518**	**6,324,936**

The accompanying notes are integral to the financial statement.

Abbey Resources Corp.

Statement of Cash Flows

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2017	Year ended October 31, 2016
Cash provided by (used in)		
OPERATING		
Net income (loss)	**8,056,209**	**(2,196,939)**
Items not involving cash:		
Share-based compensation (note 14)	**-**	**156,837**
Unrealized hedging loss (gain) (note 13)	**(10,128,496)**	**1,129,609**
Depreciation (note 9)	**28,257**	**401**
Finance expense (note 15)	**634,739**	**73,489**
Asset retirement expenditures	**(168,564)**	**-**
Change in non-cash working capital (note 18)	**1,010,568**	**601,094**
Cash flow used in operating activities	**(567,287)**	**(235,509)**
FINANCING		
Issuance of common shares (note 14)	**-**	**120,000**
Property acquisition release (note 7)	**400,000**	**315,846**
Lease obligations (note 9)	**(13,595)**	**-**
Increase in long-term debt (note 10)	**227,037**	**1,639,937**
Cash flow from financing activities	**613,442**	**2,075,783**
INVESTING		
Exploration and evaluation additions	**(1,691,934)**	**-**
Property and equipment additions (note 9)	**(23,806)**	**(4,579)**
Change in non-cash working capital (note 18)	**118,484**	**-**
Cash flow used in investing activities	**(1,597,256)**	**(4,579)**
Increase in cash	**(1,551,101)**	**1,835,695**
Cash, beginning of period	**1,850,990**	**15,295**
Cash, end of period	**299,889**	**1,850,990**

The accompanying notes are integral to the financial statements.

1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address, and principal place of business, of the Company is 700, 505 – 3rd Street, SW, Calgary, Alberta, Canada, T2P 3E6.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by Management on May 31, 2018.

(b) Basis of measurement

The financial statements have been prepared on historical-cost basis except for financial derivatives which are measured at fair value. The financial statements are presented in Canadian dollars.

(c) Use of judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Identification of cash-generating units ("CGU")

The Company's assets will be aggregated into CGUs for the purpose of calculating depletion and impairment. The determination of CGUs requires judgement in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

- Impairment of petroleum and natural gas assets

Judgements are required to assess when impairment indicators exist and impairment testing is required. For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company will use in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

- Exploration and evaluation assets ("E&E")

The decision to transfer assets from E&E to property and equipment requires management to make certain judgements as to future events and is based on whether economic quantities of proved plus probable reserves have been found to determine a project's technical feasibility and commercial viability.

- Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amount recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) *Key sources of estimation uncertainty*

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

- Reserves

Estimation of reported recoverable quantities of proved and probable reserves will include judgmental assumptions regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It will also require interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from the Company's petroleum and natural gas interests will be evaluated by an internal reserve engineer at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if producibility is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves will be determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

- Share-based compensation

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

- Financial instruments

Financial instruments are subject to valuations at the end of each reporting period. Generally the valuation is based on active and efficient markets. However, certain financial instruments may not be traded on an efficient market or the market may disappear or be subject to conditions that impede the efficiency of the market.

- Decommissioning liabilities

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

- Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

- Business combinations

Business combinations are accounted for using the purchase method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

- Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to the periods presented in these financial statements where appropriate.

(a) Business Combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

(b) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise of cash, accounts receivable, and accounts payable and accrued liabilities and long term debt. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- Cash

Cash is comprised of cash on hand and is measured similar to other non-derivative financial instruments.

- Other

Other non-derivative financial instruments, such as accounts receivable, and accounts payable and accrued liabilities and long term debt, are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) *Risk Management Contracts*

The Company enters into risk management contracts in order to manage its exposure to market risks from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. The Company has not designated its risk management contracts as effective hedges, and thus has not applied hedge accounting, even though it considers most of these contracts to be economic hedges. As a result, all risk management contracts are classified as fair value through profit or loss and are recorded at fair value on the balance sheet with changes in fair value recorded in the statement of income (loss) and comprehensive income (loss). The fair values of these derivative instruments are generally based on an estimate of the amounts that would be paid or received to settle these instruments at the balance sheet date.

(iii) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(c) Property and equipment and intangible exploration assets

(i) *Recognition and measurement*

- Exploration and evaluation expenditures

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, will be initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is expensed in profit or loss.

- Development and production costs

All costs directly associated with the development and production of oil and natural gas interests are capitalized on an area-by-area basis as oil and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs will include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers from evaluation assets.

(ii) *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) *Depletion and depreciation*

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved-plus-probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates will be reviewed by an internal reserve engineer at least annually.

Proved-plus-probable reserves are estimated annually by qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim financial statements, internal estimates of changes in reserves and future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company’s non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test will be completed each year. E&E assets will be assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets will be grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows will be discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven-plus-probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

The goodwill acquired in an acquisition, for the purpose of impairment testing, will be allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets will be allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property and equipment.

An impairment loss will be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs will be allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years will be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(e) Provisions

Provisions will be recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions will be stated at the present value of the expenditure expected to settle the obligation. The obligation will not be recorded and disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(i) *Decommissioning obligations*

The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company's decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets. The asset recorded is depleted on a unit-of-production basis over the life of the reserves. The liability amount will be increased each reporting period due to the passage of time and the amount of accretion will be charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(f) Revenue recognition

Revenue from the sale of oil and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party.

The costs associated with the delivery, including operating and maintenance costs, transportation and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.

(g) Finance income and expense

Interest income is recognized in earnings in the period it occurs, using the effective interest method.

Finance expense will be comprised of interest expense on borrowings, accretion of the discount on provisions, and transaction costs on business combinations and impairment losses recognized on financial assets.

(h) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based compensation

The Company applies the fair-value method for valuing share option grants using the Black-Scholes option pricing model. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and are expensed with a corresponding increase to contributed surplus. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

(j) Leased assets

Leases that transfer substantially all of the benefits and risks of ownership to the Company will be accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(k) Flow-through shares

The resources expenditure deductions for income tax purposes related to exploratory activities funded by flow-through shares are renounced to investors in accordance with tax legislation. Upon issuance of a flow-through share, a liability is recognized representing the premium paid on flow-through common shares over regular common shares. This liability is reduced as the expenditures are incurred and tax attributes are renounced.

4. Significant accounting policies

Future Accounting Changes

The following pronouncements from the IASB will become effective or were amended for financial reporting periods beginning on or after January 1, 2016 and have not yet been adopted by the Company. These new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application.

IFRS 9 – Financial Instruments replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition **guidance**, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.* IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 16 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor') and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have and will be been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

(a) Property and equipment and exploration and evaluation assets

The fair values of property and equipment and exploration and evaluation assets recognized in an acquisition are based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of oil and natural gas interests (included in property and equipment) and exploration and evaluation assets are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on external and Company reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Derivatives

The fair value of commodity price risk management contracts is determined by calculating the difference between the contracted prices and market price as at the balance sheet date, using the remaining contracted oil and natural gas volumes.

(c) Cash, accounts receivable, accounts payable and accrued liabilities, and long term debt

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and long term debt approximates their carrying value due to their short term to maturity.

(d) Share-based payments

The fair value of share-based payments is measured using the Black-Scholes option pricing model. Measurement inputs include estimated share price, exercise price, expected volatility (based on weighted average historic volatility of similar sized companies based on publicly available information), weighted average expected life (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

6. Financial instruments and risk management

(a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

(b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

At October 31, 2017, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. The $971,929 of accounts receivable outstanding at October 31, 2017 is owed by 3 parties and the majority of the balance was received subsequent to year end. As at October 31, 2017, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

The Company's cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Company's financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operating cash flows, as well as future equity and debt financings.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a normal period. To achieve this objective, the Company prepares monthly operational and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company has a hedging policy in order to reduce commodity price volatility related to its cashflows and a prepaid gas contract to ensure working capital is established to meet the obligations of the Company. The Company utilizes authorizations for expenditures on operated and non-operated projects to further manage capital expenditures. The Company also attempts to match its payment cycle with collection of natural gas revenue on the 25th day of each month. The Company monitors its net debt position and forecasts its prepaid gas contract obligations to ensure appropriate measures are taken to continue to meet its obligations. The Company is not in breach of any obligation.

At October 31, 2017, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. Subsequent to October 31, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2018 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

The following are the contractual maturities of financial liabilities as at October 31, 2017:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	$ 2,757,887	$ 2,757,887	$ -
Finance lease obligations	83,297	24,983	58,314
Debt	1,866,973	787,775	1,079,198
Total	**$ 4,708,157**	**$ 3,570,645**	**$ 1,137,512**

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

(i) *Foreign currency risk*

Prices for oil are determined in global markets and generally denominated in United States dollars. Natural gas prices will be influenced by both U.S. and Canadian demand and the corresponding North American supply, and by imports of liquefied natural gas. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and natural gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and natural gas commodities.

(unaudited, expressed in Canadian dollars)

The Company currently does not have any exposure to a foreign currency risk.

(ii) *Commodity price risk*

The expected nature of the Company's operations will result in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic events that dictate the levels of supply and demand. Abbey's management will continuously monitor commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

Declining commodity prices result in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, resulting in less production growth.

(e) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

7. Business combination

On March 1, 2017 Abbey closed an acquisition of natural gas assets in the Milk River area of Saskatchewan, for total cash consideration of $10. The seller paid Abbey an amount of $400,010 at time of closing to release the seller from any action, claim and demand whatsoever on the Assets or transactions included in the Purchase and Sale agreement. The seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full.. The Seller has paid a Security deposit on Abbey's behalf in the amount of $16,322,771. The transaction was accounted for as a business combination using the purchase method whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The following table summarizes the net assets acquired pursuant to the acquisition:

Fair value of net assets acquired	
Exploration and evaluation assets	$19,250,936
Cash	400,010
Decommissioning obligations	(19,650,936)
Total net asset acquired	**$ 10**

(unaudited, expressed in Canadian dollars)

8. Exploration and evaluation assets

	Total
Cost	
Balance at October 31, 2015	**$ 219,291**
Property acquisitions	3,943,311
Increase in decommissioning provision	10,438,316
Balance at October 31, 2016	**$ 14,600,918**
Property acquisitions (note 7)	19,250,936
Additions	1,691,934
Increase in decommissioning provision (note 11)	157,225
Net book value:	
Balance at October 31, 2017	**$ 35,701,013**

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for expenditures incurred on Abbey's core assets and assets acquired on March 1, 2017 (note 7) which are pending the determination of technical feasibility. Once the equipment is put in use and economic feasibility is determined on the Milk River assets, the assets will be moved to Property and Equipment.

9. Property and equipment

	Corporate	Accumulated DD&A	Total
Cost			
Balance at October 31, 2016	**$ 44,583**	**$ 1,901**	**$ 42,682**
Additions	92,248	28,257	63,991
Net book value:			
October 31, 2017	**$ 136,831**	**$ 30,158**	**$ 106,673**

The increase in Property and Equipment is for two lease-to-own vehicles that the Company entered into in the current year. As at October 31, 2017, the Company has three lease-to-own vehicles (note 11).

For the period ended October 31, 2017, the Company did not capitalize any general and administrative expenses, consistent with the prior year.

(unaudited, expressed in Canadian dollars)

10. Debt

At October 31, 2017, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. On March 1, 2017 the Company entered into a second prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $400,000 at the commencement of the contract, $300,000 on April 1, 2017 and $300,000 on May 1, 2017. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. To secure the payment of the cash consideration, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

At October 31, 2017 the balance of the debt was $1,866,973.

	As at October 31, 2017	Year ended October 31, 2016
Current liability	**$ 787,775**	$ 409,984
Non-current liability	**1,079,198**	1,229,953
Total debt	**$ 1,866,973**	**$ 1,639,937**

Subsequent to October 31, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 on November 1, 2018 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

11. Finance lease obligations

At October 31, 2017, the Company had short-term and long-term finance lease obligations for field vehicles. The obligations are considered finance leases under IAS 17 and are recognized as a liability on the interim balance sheet. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The terms of the obligation provide the Company with the right to obtain substantially all of the economic benefits from the use of the vehicles over the length of the obligation. The finance leases bear interest at an implicit rate of 0.15 to 0.71.

	As at October 31, 2017	Year ended October 31, 2016
Current liability	**$ 24,983**	$ 7,422
Non-current liability	**58,314**	21,027
Total debt	**$ 83,297**	**$ 28,449**

(unaudited, expressed in Canadian dollars)

Minimum lease payments, comprising interest expense and principal repayments, under the Company's finance lease obligations are as follows:

Year	As at October 31, 2017
2017	$ 4,140
2018	24,838
2019	24,838
2020	21,975
2021	7,506
	$ 83,297

12. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 2.30 percent (October 31, 2016 -1.85 percent) and an inflation rate of 2 percent (October 31, 2016 – 2 percent). The Company has estimated the net present value of the decommissioning obligations to be $35,045,298 as at October 31, 2017. The undiscounted, uninflated total future liability at October 31, 2017 is $37,046,303. The payments are expected to be incurred over the operating lives of the assets.

The following table reconciles the decommissioning liability:

	Total
Balance at October 31, 2016	**$ 14,770,962**
Property acquisitions (note 7)	19,650,936
Liabilities settled	(168,564)
Change in estimates	157,225
Accretion expense	634,739
Balance at October 31, 2017	**$ 35,045,298**

13. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at October 31, 2017 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD$/GJ)l
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	$2.73/GJ
March 1, 2017 to March 31, 2018	Fixed price	7,500 GJ	$2.75/GJ

	Current	Long term
Risk Management Asset		
Balance at October 31, 2017	**2,999,629**	**5,999,258**
Risk Management Liability		
Balance at October 31, 2016	**70,601**	**1,059,008**

(unaudited, expressed in Canadian dollars)

The following table show the Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Derivatives:

Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Instruments		**Year ended October 31, 2017**		**Year ended October 31, 2016**
Realized gain (loss) loss on financial derivatives	**$**	**2,051,285**	$	(16,460)
Unrealized gain (loss) on financial derivatives		10,128,496		(1,129,609)
Net loss on financial derivatives	**$**	**12,179,781**	**$**	**(1,146,069)**

14. Share capital

(a) Authorized

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at October 31, 2016.

(b) Common Shares issued and outstanding

	Number	**Amount**
Balance at October 31, 2017 and 2016	**15,604,133**	**1,255,581**

(c) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At October 31, 2017, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	Options	**Price**
Balance at October 31, 2017 and 2016	**2,500,000**	**$ 0.10**
Exercisable at October 31, 2017 and 2016	**2,500,000**	**$ 0.10**

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies.

15. Finance expense

Finance expense consists of accretion on decommissioning obligations of $634,739 for the period ended October 31, 2017 and $73,489 for the period ended October 31, 2016.

(unaudited, expressed in Canadian dollars)

16. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

17. Income taxes

(a) Deferred income taxes recovery

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial income tax rate to the Company's loss before income tax. This difference results from the following items:

	October 31, 2017	October 31, 2016
Income (loss) before income taxes	$ 8,056,209	$ (2,196,939)
Statutory tax rate	13%	13%
Expected income taxes recovery	1,047,307	(285,602)
Share-based compensation	-	20,389
Change in estimate and other	(167,082)	(3,483)
Tax assets (liability) not recognized	(880,225)	268,696
Deferred income taxes recovery	$ -	$ -

(b) Deferred tax assets (liabilities) have not been recognized in respect of the following temporary differences:

	October 31, 2017	October 31, 2016
Property and equipment	$ (4,363,536)	$ (14,745,394)
Asset retirement obligations	4,555,889	14,770,962
Unrealized hedging loss (gain)	(1,169,855)	1,129,609
Non-capital losses	394,448	1,130,752
	$ (583,054)	$ 2,285,929

The Company has available an estimated non-capital loss carry-forward amount of $3,034,221. The non-capital loss carry-forwards will expire between 2034 and 2037. The Company has an open audit with the Canadian Revenue Agency as at October 31, 2017.

(unaudited, expressed in Canadian dollars)

18. Supplemented cash flows information

Changes in non-cash working capital is comprised of sources (uses of) cash:

	October 31, 2017	October 31, 2016
Accounts receivable	$ (237,285)	$ (730,287)
Prepaid expenses	5,000	(2,000)
Accounts payable and accrued liabilities	1,361,337	1,333,381
	1,129,052	601,094
Relating to:		
Operating activities	1,010,568	601,094
Investing activities	$ 118,484	$ -

19. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	October 31, 2017	October 31, 2016
Employee costs	$ 245,064	$ 16,736
Consultants	707,730	262,677
Professional fees	9,980	6,922
Business development	56,476	36,384
Office costs	37,101	17,502
Computer software	32,572	4,686
	$ 1,088,923	$ 344,907

20. Related party transactions

(a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	October 31, 2016	October 31, 2016
Consultants	$ 497,000	$ 252,500
Business development	-	8,481
Share based compensation	-	156,837
Operating expense	-	2,819
Total key management remuneration	**$ 497,000**	**$ 420,637**

21. Commitments

(a) Office lease

The Company has agreed to a month-to-month sublease for office space at $1,450 per month.

(b) Prepaid gas contract

At October 31, 2017, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. Subsequent to October 31, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 on November 1, 2018 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement. To secure the payment of the cash consideration, the Buyer has issued a Fixed and Floating Charge Demand Debenture and Negative Pledge of $3,750,000 secured over the assets of the Company. At October 31, 2017 the balance of the debt was $1,866,973 (note 10).

(c) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831.

In relation to the March 1, 2017 acquisition, the seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full.. The Seller has paid a Security deposit on Abbey's behalf in the amount of $16,322,771.

22. Subsequent event

Subsequent to October 31, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

Subsequent to October 31, 2017, the Company entered into one more vehicle lease. The term of the lease is four years with an initial payment of $10,000.

ABBEY RESOURCES CORP.

Unaudited
Financial Statements

As at and for the years ended

October 31, 2018 and 2017

Abbey Resources Corp.
Balance Sheets
(unaudited, expressed in Canadian dollars)

As at	**October 31, 2018**	**October 31, 2017**
ASSETS		
Current		
Cash	**143,525**	**299,889**
Accounts receivable	**777,468**	**971,929**
Prepaid expenses	**5,972**	**-**
Risk management asset (notes 13)	**2,024,926**	**2,999,629**
Total current assets	**2,951,891**	**4,271,447**
Non-current		
Risk management asset (notes 13)	**2,024,926**	**5,999,258**
Exploration and evaluation assets (notes 7 and 8)	**37.287.340**	**35,701,013**
Property and equipment (note 9)	**134,267**	**106,673**
Total Assets	**42,398,424**	**46,078,391**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**6,417,242**	**2,757,887**
Current Finance lease obligations (note 9 and 11)	**28,040**	**24,983**
Current portion of long term debt (note 10)	**1,213,708**	**787,775**
Total current liabilities	**7,658,990**	**3,570,645**
Non-current		
Long term debt (note 10)	**1,026,101**	**1,079,198**
Finance lease obligations (note 9 and 11)	**82,331**	**58,314**
Decommissioning obligation (note12)	**34,461,813**	**35,045,298**
Total liability	**43,230,235**	**39,753,455**
SHAREHOLDERS' EQUITY		
Share capital (note 14)	**1,255,581**	**1,255,581**
Contributed surplus	**156,837**	**156,837**
Retained earnings (deficit)	**(2,244,227)**	**4,912,518**
Total shareholders' equity	**(831,809)**	**6,324,936**
Total Liabilities and Shareholders' Equity	**42,398,424**	**46,078,391**

The accompanying notes are integral to the financial statements.

Commitments (note 21)

Approved by Management:

(signed) *"Jim Gettis"*, President & CEO

Abbey Resources Corp.
Statement of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2018	Year ended October 31, 2017
REVENUE		
Natural gas revenue	**10,066,461**	**9,294,300**
Royalty expense	**(550,525)**	**(468,593)**
Natural gas revenue, net of royalties	**9,515,936**	**8,825,707**
Gain on disposal of equipment	**442,425**	**-**
Net gain (loss) on financial derivatives (note 13)	**(1,452,639)**	**12,179,781**
	8,505,722	**21,005,488**
EXPENSES		
Operating	**12,472,758**	**10,167,048**
Transportation	**1,373,617**	**1,034,967**
General and administrative	**1,150,450**	**1,088,923**
Finance (note 15)	**625,039**	**630,084**
Depreciation (note 9)	**40,603**	**28,257**
Total expenses	**15,662,467**	**12,949,279**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**(7,156,745)**	**8,056,209**

The accompanying notes are integral to the financial statements.

Abbey Resources Corp.

Statement of Changes in Equity

(unaudited, expressed in Canadian dollars, except number of common shares)

	Number of Common shares	Share capital amount	Contributed Surplus	Retained Earnings (Deficit)	Total equity
Balance at October 31, 2016	**15,604,133**	**1,255,581**	**156,837**	**(3,143,691)**	**(1,731,273)**
Net loss and comprehensive loss	**-**	**-**	**-**	**8,056,209**	**8,056,209**
Balance at October 31, 2017	**15,604,133**	**1,255,581**	**156,837**	**4,912,518**	**6,324,936**
Net income (loss) and comprehensive income (loss)	**-**	**-**	**-**	**(7,156,745)**	**(7,156,745)**
Balance at October 31, 2018	**15,604,133**	**1,255,581**	**156,837**	**(2,244,227)**	**(831,809)**

The accompanying notes are integral to the financial statement.

Abbey Resources Corp.

Statement of Cash Flows

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2018	Year ended October 31, 2017
Cash provided by (used in)		
OPERATING		
Net income (loss)	**(7,156,745)**	**8,056,209**
Items not involving cash:		
Unrealized hedging loss (gain) (note 13)	**(4,949,034)**	**(10,128,496)**
Depreciation (note 9)	**40,603**	**28,257**
Finance expense (note 15)	**626,106**	**634,739**
Asset retirement expenditures	**(55,647)**	**(168,564)**
Change in non-cash working capital (note 18)	**3,600,883**	**1,010,568**
Cash flow used in operating activities	**2,004,234**	**(567,287)**
FINANCING		
Property acquisition release (note 7)	**-**	**400,000**
Lease obligations (note 9 and 11)	**(31,119)**	**(13,595)**
Increase in long-term debt (note 10)	**373,833**	**227,037**
Cash flow from financing activities	**342,714**	**613,442**
INVESTING		
Exploration and evaluation additions	**(2,740,271)**	**(1,691,934)**
Property and equipment additions (note 9)	**(10,000)**	**(23,806)**
Change in non-cash working capital (note 18)	**246,959**	**118,484**
Cash flow used in investing activities	**(2503,312)**	**(1,597,256)**
Increase in cash	**(156,364)**	**(1,551,101)**
Cash, beginning of period	**299,889**	**1,850,990**
Cash, end of period	**143,525**	**299,889**

The accompanying notes are integral to the financial statements.

1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address, and principal place of business, of the Company is 700, 505 – 3rd Street, SW, Calgary, Alberta, Canada, T2P 3E6.

At October 31, 2018, the Company has reported a loss for the twelve months of $7,156,745 and has a working capital deficiency of $4,707,097 (defined as current assets less current liabilities). The majority of the loss is from an unrealized hedge loss of $4,949,034 incurred in the current period. The ability to continue as a going concern is dependent on obtaining continued financial support, completing a private financing or generating profitable operations in the future. The weak natural gas prices indicate the existence of material uncertainties related to events or conditions that may cast significant doubt as to whether the Company can continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Management has a multi-stage plan in place to reduce the working capital deficiency over the next twelve months. The Company has significant value allocated to surplus equipment in excess of the current working capital deficiency. As part of generating profitable operations during this distressed gas price environment, the Company has entered into an agreement with a third party equipment broker to dispose of this excess equipment. Also with respect to the current plan, the Company has been innovative in finding ways to reduce operating costs. The Company was successful in implementing a three year surface lease rental reduction plan. In addition, the Company is currently working with the rural municipalities for cost reductions on property taxes. Along with reducing the operating costs of the assets, the surplus equipment sales will be the major factor as the solution to support a positive working capital position for the Company over the next twelve months.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by Management on May 10, 2019.

(b) Basis of measurement

The financial statements have been prepared on historical-cost basis except for financial derivatives which are measured at fair value. The financial statements are presented in Canadian dollars.

(c) Use of judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Identification of cash-generating units ("CGU")

The Company's assets will be aggregated into CGUs for the purpose of calculating depletion and impairment. The determination of CGUs requires judgement in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

- Impairment of petroleum and natural gas assets

Judgements are required to assess when impairment indicators exist and impairment testing is required. For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company will use in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

- Exploration and evaluation assets ("E&E")

The decision to transfer assets from E&E to property and equipment requires management to make certain judgements as to future events and is based on whether economic quantities of proved plus probable reserves have been found to determine a project's technical feasibility and commercial viability.

- Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amount recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) *Key sources of estimation uncertainty*

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

- Reserves

Estimation of reported recoverable quantities of proved and probable reserves will include judgmental assumptions regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It will also require interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from the Company's petroleum and natural gas interests will be evaluated by an internal reserve engineer at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if producibility is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves will be determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

- Share-based compensation

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

- Financial instruments

Financial instruments are subject to valuations at the end of each reporting period. Generally the valuation is based on active and efficient markets. However, certain financial instruments may not be traded on an efficient market or the market may disappear or be subject to conditions that impede the efficiency of the market.

- Decommissioning liabilities

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

- Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

- Business combinations

Business combinations are accounted for using the purchase method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

- Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to the periods presented in these financial statements where appropriate.

(a) Business Combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

(b) Financial instruments

(i) *Classification and measurement*

On January 1, 2018, Abbey adopted IFRS 9 Financial Instruments, which includes a principal-based approach for classification and measurement of financial assets and a forward-looking ‘expected credit loss’ model. The classification and measurement of financial instruments under IFRS 9 did not have a material impact on Abbey’s financial statements. In addition, the application of the expected credit loss model to financial assets classified as amortized cost did not result in an adjustment on transition. IFRS 9 was applied retrospectively in accordance with transition requirements with no impact to opening retained earnings or comparative periods.

Financial instruments are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, financial instruments are measured based on their classification as described below:

- Fair value through profit or loss: Financial instruments under this classification include risk management assets and liabilities.
- Amortized cost: Financial instruments under this classification include cash, accounts receivable, accounts payable and lease obligation.

Prior to the adoption of IFRS 9, Financial instruments were measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as “fair value through the statement of income”, “loans and receivables”, “available-for-sale”, “held-to-maturity”, or “financial liabilities measured at amortized cost” as defined by IAS 39, *“Financial Instruments: Recognition and Measurement”.*

Financial assets and financial liabilities at “fair value through the statement of profit or loss” are either classified as “held for trading” or “designated at fair value through the statement of income” and are measured at fair value with changes in fair value recognized in the income statement. The Company has designated cash as “held for trading”.

Financial assets and financial liabilities classified as “loans and receivables”, “held-to-maturity”, or “financial liabilities measured at amortized cost” are measured at amortized cost using the effective interest method of amortization. “Loans and receivables” are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. "Financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “fair value through the statement of income” and that are not derivatives. The Company has designated accounts receivable as “loans and receivables” and accounts payable and accrued liabilities as “financial liabilities measured at amortized cost”.

Financial assets classified as “available-for-sale” are measured at fair value, with changes in fair value recognized in other comprehensive income. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company currently has no assets classified as "available-for-sale".

The adoption of IFRS 9 has resulted in changes to the classification of some of the Company’s financial assets but did not change the classification of the Company’s financial liabilities. The classification of cash was the only instrument with changes in classification. There is no difference in the measurement of these instruments under IFRS 9 due to the short-term and liquid nature of these financial assets. The following table summarizes the classification categories for the Company’s financial assets and liabilities by financial statement line item under the superseded IAS 39 standard and the newly adopted IFRS 9.

Financial Assets	**IAS 39**	**IFRS 9**
Cash	Held-for-trading (FVTPL)	Amortized cost
Accounts receivable	Loans and receivables (Amortized cost)	Amortized cost

Financial Liabilities	**IAS 39**	**IFRS 9**
Accounts payable and accrued liabilities	Other financial liabilities (Amortized cost)	Amortized cost
Leased asset obligation	Other financial liabilities (Amortized cost)	Amortized cost

(ii) *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(c) Property and equipment and intangible exploration assets

(i) *Recognition and measurement*

- Exploration and evaluation expenditures

Pre-license costs are recognized in the statement of operations as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, will be initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is expensed in profit or loss.

- Development and production costs

All costs directly associated with the development and production of oil and natural gas interests are capitalized on an area-by-area basis as oil and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs will include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers from evaluation assets.

(ii) *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) *Depletion and depreciation*

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved-plus-probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates will be reviewed by an internal reserve engineer at least annually.

Proved-plus-probable reserves are estimated annually by qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim financial statements, internal estimates of changes in reserves and future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test will be completed each year. E&E assets will be assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets will be grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows will be discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven-plus-probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

The goodwill acquired in an acquisition, for the purpose of impairment testing, will be allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets will be allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property and equipment.

An impairment loss will be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs will be allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years will be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(e) Provisions

Provisions will be recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions will be stated at the present value of the expenditure expected to settle the obligation. The obligation will not be recorded and disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(i) *Decommissioning obligations*

The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company's decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets. The asset recorded is depleted on a unit-of-production basis over the life of the reserves. The liability amount will be increased each reporting period due to the passage of time and the amount of accretion will be charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(f) Revenue recognition

Abbey adopted IFRS 15 Revenue from contracts with customers with a date of initial application of January 1, 2018. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations. Abbey used the modified retrospective approach to adopt the new standard, electing to use a practical expedient to apply the standard retrospectively only to contracts that were not completed on January 1, 2017. There was no change or adjustment to the Company's financial statements because of the adoption of IFRS 15; however, IFRS 15 contains additional disclosure requirements.

Revenue from contracts with customers is recognized when or as Abbey satisfies a performance obligation by transferring a promised good or service to a customer. The transfer of control of natural gas usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession. The transaction price for variable contracts is based on the commodity price, adjusted for quality, location and other factors. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period.

In the prior year, under IAS 18, revenue from the sale of petroleum and natural gas is recognized when volumes are delivered, and title passes to an external party at contractual delivery points and are recorded gross of transportation charges incurred by the Company. The costs associated with the delivery, including transportation and production-based royalty expenses, are recognized in the same period in which the related revenue is earned and recorded.

Abbbey evaluates its arrangements with 3rd parties and partners to determine if a principal or agent relationship exists. In making this evaluation, management considers if it maintains control of the product, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If an agency relationship exists, then the revenue is recognized net of fees, if any, realized by the party from the transaction.

(g) Finance income and expense

Interest income is recognized in earnings in the period it occurs, using the effective interest method.

Finance expense will be comprised of interest expense on borrowings, accretion of the discount on provisions, and transaction costs on business combinations and impairment losses recognized on financial assets.

(h) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based compensation

The Company applies the fair-value method for valuing share option grants using the Black-Scholes option pricing model. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and are expensed with a corresponding increase to contributed surplus. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

(j) Leased assets

Leases that transfer substantially all of the benefits and risks of ownership to the Company will be accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(k) Flow-through shares

The resources expenditure deductions for income tax purposes related to exploratory activities funded by flow-through shares are renounced to investors in accordance with tax legislation. Upon issuance of a flow-through share, a liability is recognized representing the premium paid on flow-through common shares over regular common shares. This liability is reduced as the expenditures are incurred and tax attributes are renounced.

4. Significant accounting policies

Future Accounting Changes

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Abbey is finalizing its review of identified leases and arrangements qualifying as leases under IFRS 16 and determining any financial impact on its financial statements

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have and will be been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

(a) Property and equipment and exploration and evaluation assets

The fair values of property and equipment and exploration and evaluation assets recognized in an acquisition are based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of oil and natural gas interests (included in property and equipment) and exploration and evaluation assets are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on external and Company reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Derivatives

The fair value of commodity price risk management contracts is determined by calculating the difference between the contracted prices and market price as at the balance sheet date, using the remaining contracted oil and natural gas volumes.

(c) Cash, accounts receivable, accounts payable and accrued liabilities, and long term debt

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and long term debt approximates their carrying value due to their short term to maturity.

(d) Share-based payments

The fair value of share-based payments is measured using the Black-Scholes option pricing model. Measurement inputs include estimated share price, exercise price, expected volatility (based on weighted average historic volatility of similar sized companies based on publicly available information), weighted average expected life (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

6. Financial instruments and risk management

(a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

(b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

At October 31, 2018, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25^{th} day of the following month. The $777,468 of accounts receivable outstanding at October 31, 2018 is owed by 3 parties and the majority of the balance was received subsequent to year end. As at October 31, 2018, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

The Company's cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

(unaudited, expressed in Canadian dollars)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The Company's financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operating cash flows, as well as future equity and debt financings.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a normal period. To achieve this objective, the Company prepares monthly operational and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company has a hedging policy in order to reduce commodity price volatility related to its cashflows and a prepaid gas contract to ensure working capital is established to meet the obligations of the Company. The Company utilizes authorizations for expenditures on operated and non-operated projects to further manage capital expenditures. The Company also attempts to match its payment cycle with collection of natural gas revenue on the 25th day of each month. The Company monitors its net debt position and forecasts its prepaid gas contract obligations to ensure appropriate measures are taken to continue to meet its obligations.

At October 31, 2018, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

The following are the contractual maturities of financial liabilities as at October 31, 2018:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	$ 6,417,240	$ 6,417,240	$ -
Finance lease obligations	110,371	28,040	82,331
Debt	2,240,809	1,213,708	1,027,101
Total	**$ 8,768,420**	**$ 7,658,988**	**$ 1,109,432**

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

(i) *Foreign currency risk*

Prices for oil are determined in global markets and generally denominated in United States dollars. Natural gas prices will be influenced by both U.S. and Canadian demand and the corresponding North American supply, and by imports of liquefied natural gas. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and natural gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and natural gas commodities.

The Company currently does not have any exposure to a foreign currency risk.

(ii) *Commodity price risk*

The expected nature of the Company's operations will result in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic events that dictate the levels of supply and demand. Abbey's management will continuously monitor commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

Declining commodity prices result in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, resulting in less production growth.

(e) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

7. Business combination

On November 1, 2017 Abbey closed an acquisition of natural gas assets in the Milk River area of Saskatchewan, for total cash consideration of $1,600,000. To fund the acquisition, the Company entered into a third prepaid gas contract for 804 GJ/day of gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. The Company received cash proceeds of $1,750,000 for the prepaid gas contract, increasing the debt by $1,750,000 over the term of the contract. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

(unaudited, expressed in Canadian dollars)

The following table summarizes the net assets acquired pursuant to the acquisition:

Fair value of net assets acquired		
Exploration and evaluation assets	$	2,298,901
Decommissioning obligations		(698,901)
Total net asset acquired	$	1,600,000

8. Exploration and evaluation assets

	Year ended October 31, 2018	**Year ended October 31, 2017**
Cost		
Balance, beginning of period	**$ 35,701,013**	**$ 14,600,918**
Property acquisitions (note 7)	**2,298,901**	19,250,936
Additions	**441,370**	1,691,934
Change in decommissioning provision (note 12)	**(1,153,944)**	157,225
Net book value:		
Balance, end of period	**$ 37,287,340**	**$ 35,701,013**

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for expenditures incurred on Abbey's core assets and assets are pending the determination of technical feasibility. Once economic feasibility is determined on the Milk River assets, the assets will be moved to Property and Equipment.

9. Property and equipment

	Corporate	**Accumulated DD&A**	**Total**
Cost			
October 31, 2017	**$ 136,831**	**$ 30,158**	**$ 106,673**
Additions	68,197	40,603	27,594
Net book value:			
October 31, 2018	**$ 205,028**	**$ 70,761**	**$ 134,267**

The increase in Property and Equipment is for a lease-to-own vehicles that the Company entered into in the current year. The term of the lease is four years with an initial payment of $10,000. As at October 31, 2018, the Company has four lease-to-own vehicles (note11).

For the period ended October 31, 2018, the Company did not capitalize any general and administrative expenses, consistent with the prior year.

10. Debt

At October 31, 2018, the Company had short-term and long-term debt comprised of three prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 upon commencement of the contract. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. On March 1, 2017 the Company entered into a second prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $400,000 at the commencement of the contract, $300,000 on April 1, 2017 and $300,000 on May 1, 2017. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area (note 7). The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement. To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

(unaudited, expressed in Canadian dollars)

At October 31, 2018 the balance of the debt was $2,240,809.

	Year ended October 31, 2018	Year ended October 31, 2017
Current liability	**$ 1,213,708**	$ 787,775
Non-current liability	**1,027,101**	1,079,198
Total debt	**$ 2,240,809**	**$ 1,866,973**

11. Finance lease obligations

At October 31, 2018, the Company had short-term and long-term finance lease obligations for field vehicles. The obligations are considered finance leases under IAS 17 and are recognized as a liability on the interim balance sheet. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The terms of the obligation provide the Company with the right to obtain substantially all of the economic benefits from the use of the vehicles over the length of the obligation. The finance leases bear interest at an implicit rate of 0.15 to 0.71.

	Year ended October 31, 2018	Year Ended October 31, 2017
Current liability	**$ 28,040**	$ 24,983
Non-current liability	**82,331**	58,314
Total debt	**$ 110,371**	**$ 83,297**

Minimum lease payments, comprising interest expense and principal repayments, under the Company's finance lease obligations are as follows:

Year	**As at October 31, 2018**
2018	$ 6,258
2019	36,661
2020	33,798
2021	18,725
2022	11,823
2022	3,106
	$ 110,371

(unaudited, expressed in Canadian dollars)

12. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 2.52 percent (October 31, 2017 -2.3 percent) and an inflation rate of 2 percent (October 31, 2017 – 2 percent). The Company has estimated the net present value of the decommissioning obligations to be $34,461,813 as at October 31, 2018. The undiscounted, uninflated total future liability at October 31, 2018 is $37,845,339. The payments are expected to be incurred over the operating lives of the assets.

The following table reconciles the decommissioning liability:

	Year ended October 31, 2018	Year ended October 31, 2017
Balance, beginning of period	**$ 35,045,298**	**$ 14,770,962**
Property acquisitions (note 4)	698,901	19,650,936
Expenditures	(55,647)	(168,564)
Change in estimates (1)	(1,852,845)	157,225
Accretion expense	626,106	634,739
Balance, end of period	**$ 34,461,813**	**$ 35,045,298**

13. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at October 31, 2018 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD$/GJ)l
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	$2.73/GJ
March1, 2017 to March 31, 2018	Fixed price	7,500 GJ	$2.75/GJ
April 1, 2018 to March 31, 2019	Fixed price	5,000 GJ	$2.61/GJ

Risk Management Asset	Current Asset	Long term Asset
Balance at October 31, 2018	**2,024,926**	**2,024,926**
Balance at October 31, 2017	**2,999,629**	**5,999,258**

The following table show the Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Derivatives:

Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Instruments	Year ended October 31, 2018	Year ended October 31, 2017
Realized gain (loss) loss on financial derivatives	**$ 3,496,395**	**$ 2,051,285**
Unrealized gain (loss) on financial derivatives	(4,949,034)	10,128,496
Net loss on financial derivatives	**$ (1,452,639)**	**$ 12,179,781**

(unaudited, expressed in Canadian dollars)

14. Share capital

(a) Authorized

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at October 31, 2018.

(b) Common Shares issued and outstanding

	Number	Amount
Balance at October 31, 2018 and 2017	**15,604,133**	**1,255,581**

(c) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At October 31, 2018, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	Options	Price
Balance at October 31, 2018 and 2017	**2,500,000**	**$ 0.10**
Exercisable at October 31, 2018 and 2017	**2,500,000**	**$ 0.10**

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies.

15. Finance expense

Finance expense consists of accretion on decommissioning obligations of $625,039 for the period ended October 31, 2018 and $630,084 for the period ended October 31, 2017.

(unaudited, expressed in Canadian dollars)

16. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

17. Income taxes

(a) Deferred income taxes recovery

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial income tax rate to the Company's loss before income tax. This difference results from the following items:

	October 31, 2018	October 31, 2017
Income (loss) before income taxes	$ (7,156,745)	$ 8,056,209
Statutory tax rate	13%	13%
Expected income taxes recovery	(930,377)	1,047,307
Change in estimate and other	(2,635)	(167,082)
Tax assets (liability) not recognized	933,012	(880,225)
Deferred income taxes recovery	$ -	$ -

(b) Deferred tax assets (liabilities) have not been recognized in respect of the following temporary differences:

	October 31, 2018	October 31, 2017
Property and equipment	$ (4,290,146)	$ (4,363,536)
Asset retirement obligations	4,480,036	4,555,889
Unrealized hedging loss (gain)	(526,481)	(1,169,855)
Non-capital losses	659,297	394,448
	$ 322,706	$ (583,054)

The Company has available an estimated non-capital loss carry-forward amount of $5,071,513. The non-capital loss carry-forwards will expire between 2034 and 2038. The Company has an open audit with the Canadian Revenue Agency as at October 31, 2018.

(unaudited, expressed in Canadian dollars)

18. Supplemented cash flows information

Changes in non-cash working capital is comprised of sources (uses of) cash:

	October 31, 2018	October 31, 2017
Accounts receivable	$ 194,461	$ (237,285)
Prepaid expenses	(5,972)	5,000
Accounts payable and accrued liabilities	3,659,353	1,361,337
	3,847,842	1,129,052
Relating to:		
Operating activities	3,600,883	1,010,568
Investing activities	$ 246,959	$ 118,484

19. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	October 31, 2018	October 31, 2017
Employee costs	$ 430,784	$ 245,064
Consultants	586,902	707,730
Professional fees	2,050	9,980
Business development	39,518	56,476
Office costs	31,376	37,101
Computer software	59,822	32,572
	$ 1,150,450	$ 1,088,923

20. Related party transactions

(a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	October 31, 2018	October 31, 2017
Consultants	$ 378,728	$ 497,000
Total key management remuneration	**$ 378,728**	**$ 497,000**

21. Commitments

(a) Office lease

The Company has agreed to a month-to-month sublease for office space at $1,450 per month.

(b) Prepaid gas contract

At October 31, 2018, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement.

The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement.

On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

(c) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831.

In relation to the March 1, 2017 acquisition, the seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full.. The Seller has paid a Security deposit on Abbey's behalf in the amount of $16,322,771.

ABBEY RESOURCES CORP.

Unaudited
Financial Statements

As at and for the years ended

October 31, 2019 and 2018

Notice of No Auditor Review of Financial Statements

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. An auditor has not performed an audit or review of the financial statements.

Abbey Resources Corp.

January 11, 2020

Abbey Resources Corp.
Balance Sheets
(unaudited, expressed in Canadian dollars)

As at	October 31, 2019	October 31, 2018
ASSETS		
Current		
Cash	283,181	143,525
Accounts receivable (note 7)	729,373	777,468
Prepaid expenses	4,472	5,972
Risk management asset (notes 6 and 13)	633,885	2,024,926
Total current assets	1,650,911	2,951,891
Non-current		
Risk management asset (notes 6 and 13)	-	2,024,926
Exploration and evaluation assets (notes 8)	26,066,272	37,287,340
Property and equipment (note 9)	166,842	134,267
Total Assets	27,884,025	42,398,424
LIABILITIES		
Current		
Accounts payable and accrued liabilities	9,981,888	6,417,239
Current Finance lease obligations (note 9 and 11)	29,411	28,040
Current portion of long term debt (note 10)	765,086	1,213,708
Total current liabilities	10,776,385	7,658,987
Non-current		
Long term debt (note 10)	436,882	1,027,101
Finance lease obligations (note 9 and 11)	38,719	82,331
Decommissioning obligation (note12)	26,064,250	34,461,813
Total liability	37,316,236	43,230,232
SHAREHOLDERS' EQUITY		
Share capital (note 14)	1,255,581	1,255,581
Contributed surplus	156,837	156,837
Deficit	(10,844,629)	(2,244,226)
Total shareholders' equity	(9,432,211)	(831,808)
Total Liabilities and Shareholders' Equity	27,884,025	42,398,424

The accompanying notes are integral to the financial statements.

Going concern (note 2)
Commitments (note 21)

Approved by Management:

(signed) *"Jim Gettis"*, President & CEO

Statement of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2019	Year ended October 31, 2018
REVENUE		
Natural gas revenue	**8,030,636**	**10,066,461**
Royalty expense	**(546,021)**	**(550,525)**
Natural gas revenue, net of royalties	**7,484,615**	**9,515,936**
Gain on disposal of equipment	**866,375**	**442,425**
Net gain (loss) on financial derivatives (note 13)	**(1,781,531)**	**(1,452,639)**
	6,569,459	**8,505,722**
EXPENSES		
Operating	**9,141,492**	**12,472,758**
Transportation	**1,281,734**	**1,373,617**
General and administrative	**1,214,023**	**1,150,450**
Share-based compensation	**-**	**-**
Finance (note 15)	**383,232**	**625,039**
Depreciation (note 9)	**38,970**	**40,603**
Impairment (note 9)	**3,110,411**	**-**
Total expenses	**15,170,862**	**15,662,467**
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**(8,600,403)**	**(7,156,745)**

Going concern (note 2)
The accompanying notes are integral to the financial statements.

Abbey Resources Corp.

Statement of Changes in Equity

(unaudited, expressed in Canadian dollars, except number of common shares)

	Number of Common shares	Share capital amount	Contributed Surplus	Retained Earnings (Deficit)	Total equity
Balance at October 31, 2017	15,604,133	1,255,581	156,837	4,912,519	6,324,937
Net loss and comprehensive loss	-	-	-	(7,156,745)	(7,156,745)
Balance at October 31, 2018	15,604,133	1,255,581	156,837	(2,244,226)	(831,808)
Net loss and comprehensive loss	-	-		(8,600,403)	(8,600,403)
Balance at October 31, 2019	15,604,133	1,255,581	156,837	(10,844,626)	(9,432,211)

Going concern (note 2)
The accompanying notes are integral to the financial statement.

Abbey Resources Corp.

Statement of Cash Flows

(unaudited, expressed in Canadian dollars)

	Year ended October 31, 2019	Year ended October 31, 2018
Cash provided by (used in)		
OPERATING		
Net income (loss)	**(8,600,403)**	**(7,156,745)**
Items not involving cash:		
Unrealized hedging loss (gain) (note 13)	**3,415,968**	**4,949,034**
Depreciation (note 9)	**38,970**	**40,603**
Impairment (note 9)	**3,110,411**	**-**
Finance expense (note 15)	**384,644**	**626,106**
Asset retirement expenditures	**(35,827)**	**(55,647)**
Change in non-cash working capital (note 18)	**3,327,170**	**3,600,883**
Cash flow used in operating activities	**1,640,933**	**2,004,234**
FINANCING		
Lease obligations (note 11)	**(28,024)**	**(31,119)**
Increase in long-term debt (note 10)	**(1,038,842)**	**373,833**
Cash flow from financing activities	**(1,066,866)**	**342,714**
INVESTING		
Exploration and evaluation additions	**(635,722)**	**(2,740,271)**
Property and equipment additions (note 9)	**(85,763)**	**(10,000)**
Change in non-cash working capital (note 18)	**287,074**	**246,959**
Cash flow used in investing activities	**(434,411)**	**(2503,312)**
Increase in cash	**139,656**	**(156,364)**
Cash, beginning of period	**143,525**	**299,889**
Cash, end of period	**283,181**	**143,525**

Going concern (note 2)
The accompanying notes are integral to the financial statements.

1. General business description

Abbey Resources Corp. ("Abbey" or the "Company") is a private company that was incorporated under the laws of Alberta on July 15, 2010. The Company is set-up to undertake in the acquisition, exploration, development and production of petroleum and natural gas properties.

The address, and principal place of business, of the Company is 700, 505 – 3rd Street, SW, Calgary, Alberta, Canada, T2P 3E6.

2. Going concern

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. For the period ended October 31, 2019, the Corporation has reported a net loss and comprehensive loss of $8,600,403 (October 31, 2018: net loss and comprehensive loss $7,156,745) and an accumulated deficit of $10,844,629 as at that date (October 31, 2018: $2,244,226) and a negative working capital of $9,125,474 (defined as current assets less current liabilities).

Commodity price fluctuations have led to significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The ability to continue as a going concern is dependent on obtaining continued financial support, completing a private financing or generating profitable operations in the future. The weak natural gas prices indicate the existence of material uncertainties related to events or conditions that may cast significant doubt as to whether the Company can continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Management has a multi-stage plan in place to reduce the working capital deficiency over the next twenty-four months. The Company has significant value allocated to surplus equipment in excess of the current working capital deficiency. As part of generating profitable operations during this distressed gas price environment, the Company has entered into an agreement with a third party equipment broker to dispose of this excess equipment. Also with respect to the current plan, the Company has been innovative in finding ways to reduce operating costs. The Company was successful in implementing a three year surface lease rental reduction plan. In addition, the Company is currently working with the rural municipalities for cost reductions on property taxes and various government bodies.. Along with reducing the operating costs of the assets, the surplus equipment sales will support a reduction in the tive working capital deficiency position for the Company. These financial statements reflect adjustments to the carrying values and expenses based on impairment indicators that were determined by the Company for the year ended October 31, 2019.

3. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by Management on January 20, 2020.

(b) Basis of measurement

The financial statements have been prepared on historical-cost basis except for financial derivatives which are measured at fair value. The financial statements are presented in Canadian dollars.

(c) Use of judgements and estimates

The timely preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgements made by management in the preparation of these financial statements are outlined below.

(i) *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Identification of cash-generating units ("CGU")

The Company's assets will be aggregated into CGUs for the purpose of calculating depletion and impairment. The determination of CGUs requires judgement in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

- Impairment of petroleum and natural gas assets

Judgements are required to assess when impairment indicators exist and impairment testing is required. For the purposes of determining whether impairment of petroleum and natural gas assets has occurred, and the extent of any impairment or its reversal, the key assumptions the Company will use in estimating future cash flows are forecasted petroleum and natural gas prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves. These assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates. Changes in the aforementioned assumptions could affect the carrying amounts of assets. Impairment charges and reversals are recognized in profit or loss.

- Exploration and evaluation assets ("E&E")

The decision to transfer assets from E&E to property and equipment requires management to make certain judgements as to future events and is based on whether economic quantities of proved plus probable reserves have been found to determine a project's technical feasibility and commercial viability.

- Deferred taxes

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amount recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(ii) *Key sources of estimation uncertainty*

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

- Reserves

Estimation of reported recoverable quantities of proved and probable reserves will include judgmental assumptions regarding production profile, commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows. It will also require interpretation of geological and geophysical models in anticipated recoveries. The economical, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from the Company's petroleum and natural gas interests will be evaluated by an internal reserve engineer at least annually.

The Company's petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if producibility is supported by either production or conclusive formation tests. The Company's petroleum and gas reserves will be determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

- Share-based compensation

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

- Financial instruments

Financial instruments are subject to valuations at the end of each reporting period. Generally the valuation is based on active and efficient markets. However, certain financial instruments may not be traded on an efficient market or the market may disappear or be subject to conditions that impede the efficiency of the market.

- Decommissioning liabilities

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires judgment regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

- Deferred taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

- Business combinations

Business combinations are accounted for using the purchase method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

- Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

4. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to the periods presented in these financial statements where appropriate.

(a) Business Combinations

The purchase method of accounting is used to account for acquisitions of businesses and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the consideration of acquisition given up is less than the fair value of the net assets received, the difference is recognized immediately in the income statement. If the consideration of acquisition is greater than the fair value of the net assets received, the difference is recognized as goodwill on the statement of financial position. Acquisition costs incurred are expensed.

(b) Financial instruments

Financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured based on their classification as described below:

- Fair value through profit or loss: Financial instruments under this classification include risk management assets and liabililties.
- Amortized cost: Financial instruments under this classification include cash, accounts receivable, deposits, accounts payable and long term debt.

(c) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(d) Property and equipment and intangible exploration assets

(i) *Recognition and measurement*

- Exploration and evaluation expenditures

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, will be initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of proven and/or probable reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets referred to as oil and natural gas interests. The cost of undeveloped land that expires or any impairment recognized during a period is expensed in profit or loss.

- Development and production costs

All costs directly associated with the development and production of oil and natural gas interests are capitalized on an area-by-area basis as oil and natural gas interests and are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for areas where technical feasibility and commercial viability have been determined. These costs will include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers from evaluation assets.

(ii) *Subsequent costs*

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) *Depletion and depreciation*

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved-plus-probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates will be reviewed by an internal reserve engineer at least annually.

Proved-plus-probable reserves are estimated annually by qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. For interim financial statements, internal estimates of changes in reserves and future development costs are used for determining depletion for the period.

For other assets, depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Undeveloped land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite lives, or that are not yet available for use, an impairment test will be completed each year. E&E assets will be assessed for impairment when they are reclassified to property, plant and equipment, as oil and natural gas interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets will be grouped into CGUs. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less costs to sell.

In assessing value in use, the estimated future cash flows will be discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven-plus-probable reserves. Fair value less costs to sell is determined as the amount that would be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties.

The goodwill acquired in an acquisition, for the purpose of impairment testing, will be allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets will be allocated to the related CGUs when they are assessed for impairment, both at the time of triggering facts and circumstances as well as upon their eventual reclassification to property and equipment.

An impairment loss will be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs will be allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro-rata basis. Impairment losses recognized in prior years will be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(f) Provisions

Provisions will be recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions will be stated at the present value of the expenditure expected to settle the obligation. The obligation will not be recorded and disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(i) *Decommissioning obligations*

The Company recognizes the decommissioning obligations for the future costs associated with removal, site restoration and decommissioning costs. The Company's decommissioning obligation is recorded in the period in which it is incurred, discounted to its present value using the risk-free interest rate and the corresponding amount recognized by increasing the carrying amount of petroleum and natural gas assets. The asset recorded is depleted on a unit-of-production basis over the life of the reserves. The liability amount will be increased each reporting period due to the passage of time and the amount of accretion will be charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the decommissioning obligation are charged against the obligation to the extent of the liability recorded.

(g) Revenue recognition

Abbey adopted IFRS 15 Revenue from contracts with customers with a date of initial application of January 1, 2018. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations. Abbey used the modified retrospective approach to adopt the new standard, electing to use a practical expedient to apply the standard retrospectively only to contracts that were not completed on January 1, 2017. There was no change or adjustment to the Company's financial statements because of the adoption of IFRS 15; however, IFRS 15 contains additional disclosure requirements.

Revenue from contracts with customers is recognized when or as Abbey satisfies a performance obligation by transferring a promised good or service to a customer. The transfer of control of natural gas usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession. The transaction price for variable contracts is based on the commodity price, adjusted for quality, location and other factors. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period.

In the prior year, under IAS 18, revenue from the sale of petroleum and natural gas is recognized when volumes are delivered, and title passes to an external party at contractual delivery points and are recorded gross of transportation charges incurred by the Company. The costs associated with the delivery, including transportation and production-based royalty expenses, are recognized in the same period in which the related revenue is earned and recorded.

Abbey evaluates its arrangements with 3rd parties and partners to determine if a principal or agent relationship exists. In making this evaluation, management considers if it maintains control of the product, which is indicated by the Company having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If an agency relationship exists, then the revenue is recognized net of fees, if any, realized by the party from the transaction.

(h) Finance income and expense

Interest income is recognized in earnings in the period it occurs, using the effective interest method.

Finance expense will be comprised of interest expense on borrowings, accretion of the discount on provisions, and transaction costs on business combinations and impairment losses recognized on financial assets.

(i) Deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred-tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred-tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred-tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Share-based compensation

The Company applies the fair-value method for valuing share option grants using the Black-Scholes option pricing model. Under this method, compensation cost attributable to all share options granted are measured at fair value at the grant date and are expensed with a corresponding increase to contributed surplus. At the time the stock options are exercised, the issuance of common shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

(k) Leased assets

Leases that transfer substantially all of the benefits and risks of ownership to the Company will be accounted for at the commencement of the lease term as finance leases and recorded as property and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with an offsetting liability. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(l) Flow-through shares

The resources expenditure deductions for income tax purposes related to exploratory activities funded by flow-through shares are renounced to investors in accordance with tax legislation. Upon issuance of a flow-through share, a liability is recognized representing the premium paid on flow-through common shares over regular common shares. This liability is reduced as the expenditures are incurred and tax attributes are renounced.

5. Significant accounting policies

Future Accounting Changes

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Abbey is finalizing its review of identified leases and arrangements qualifying as leases under IFRS 16 and determining any financial impact on its financial statements.

6. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have and will be been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Three levels of inputs may be used to measure fair value:

- Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 – Fair value measurements are those derived from inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs). In these instances, internally developed methodologies are used to determine fair value.

The level in the fair value hierarchy within which the fair measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability and may affect placement within.

(a) Property and equipment and exploration and evaluation assets

The fair values of property and equipment and exploration and evaluation assets recognized in an acquisition are based on market values. The market value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of oil and natural gas interests (included in property and equipment) and exploration and evaluation assets are estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on external and Company reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Derivatives

The fair value of commodity price risk management contracts is determined by calculating the difference between the contracted prices and market price as at the balance sheet date, using the remaining contracted oil and natural gas volumes.

(c) Cash, accounts receivable, accounts payable and accrued liabilities, and long term debt

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and long term debt approximates their carrying value due to their short term to maturity.

(d) Share-based payments

The fair value of share-based payments is measured using the Black-Scholes option pricing model. Measurement inputs include estimated share price, exercise price, expected volatility (based on weighted average historic volatility of similar sized companies based on publicly available information), weighted average expected life (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

7. Financial instruments and risk management

(a) Overview

The Company's activities will expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

The Company employs risk management strategies and polices to ensure that any exposure to risk are in compliance with the Company's business objectives and risk tolerance levels. Management has the overall responsibility for the establishment and oversight of the Company's risk management framework and holds the responsibility to administer and monitor these risks.

(b) Credit risk

The Company may be exposed to certain losses in the event that counterparties to financial instruments fail to meet their obligations in accordance with agreed terms. The Company mitigates this risk by entering into transactions with highly rated financial institutions and financially sound and reputable purchasers.

At October 31, 2019, financial assets on the balance sheet are comprised of cash, accounts receivable and risk management assets. The maximum credit risk associated with these financial instruments is the total carrying value.

The Company's accounts receivable and risk management assets are with a purchaser in the petroleum and natural gas business and are subject to normal credit risk. Concentration of credit risk is mitigated by marketing the Company's production to a reputable and financially sound purchaser under normal industry sale and payment terms. As is common in petroleum and natural gas industry in Western Canada, the Company's receivable relating to the sale of petroleum and natural gas are received on or about the 25th day of the following month. The $729,373 of accounts receivable outstanding at October 31, 2019 is owed by 3 parties and the majority of the balance was received subsequent to year end. As at October 31, 2019, the Company's accounts receivable is considered current and the Company does not anticipate any collection issues. The Company does not consider the risk management assets to carry material credit risk.

(unaudited, expressed in Canadian dollars)

The Company’s cash is with a chartered Canadian bank and the Company does not consider the asset to carry material credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company’s approach to managing liquidity risk is to ensure, as much as possible, that it will have sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring unacceptable losses or risking harm to the Company’s reputation. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. The distressed gas price environment has led to significant doubt as to the ability of the Company to meet its obligations as they come due and accordingly the appropriateness of the use of accounting principles applicable to a going concern exist (note 2).

The Company’s financial liabilities consist of accounts payable and accrued liabilities, long term debt and risk management liabilities. .

At October 31, 2019, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company’s core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

The following are the contractual maturities of financial liabilities as at October 31, 2019:

	Total	< 1 year	1-5 years
Accounts payable and accrued liability	$ 9,981,888	$ 9,981,888	$ -
Finance lease obligations	68,130	29,411	38,719
Debt	1,201,968	765,086	436,882
Total	**$ 11,251,986**	**$ 10,776,385**	**$ 475,601**

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company’s net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Market risks are as follows:

(i) *Foreign currency risk*

Prices for oil are determined in global markets and generally denominated in United States dollars. Natural gas prices will be influenced by both U.S. and Canadian demand and the corresponding North American supply, and by imports of liquefied natural gas. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease the revenues received from the sale of oil and natural gas commodities. Correspondingly, a decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of oil and natural gas commodities.

The Company currently does not have any exposure to a foreign currency risk.

(ii) *Commodity price risk*

The expected nature of the Company's operations will result in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by global economic events that dictate the levels of supply and demand. Abbey's management will continuously monitor commodity prices and may consider instruments to manage exposure to these risks when it deems appropriate.

Declining commodity prices result in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, resulting in less production growth.

(e) Capital management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

8. Exploration and evaluation assets

	Year ended October 31, 2019	Year ended October 31, 2018
Cost		
Balance, beginning of period	**$ 37,287,340**	**$ 35,701,013**
Property acquisitions	**-**	**2,298,901**
Additions	**635,722**	**441,370**
Impairment loss	**(3,110,411)**	**-**
Change in decommissioning provision (note 12)	**(8,746,379)**	**(1,153,944)**
Net book value:		
Balance, end of period	**$ 26,066,272**	**$ 37,287,340**

(unaudited, expressed in Canadian dollars)

Exploration and evaluation assets consist of new technology equipment under evaluation and the current year additions are for expenditures incurred on Abbey's core assets and assets are pending the determination of technical feasibility. Once economic feasibility is determined on the Milk River assets, the assets will be moved to Property and Equipment. The Company determined that indicators of impairment existed due to the distressed gas prices and recorded an impairment loss of $3,110,411 during the year ended October 31, 2019.

9. Property and equipment

	Corporate	Accumulated DD&A	Total
Cost			
October 31, 2017	**$ 136,831**	**$ 30,158**	**$ 106,673**
Additions	68,197	40,603	27,594
October 31, 2018	**$ 205,028**	**$ 70,761**	**$ 134,267**
Additions	85,763	38,970	46,793
Dispositions	(35,827)	(21,609)	(14,218)
Net book value:			
October 31, 2019	**$ 254,964**	**$ 88,122**	**$ 166,842**

The increase in Property and Equipment is for field equipment purchased in the current year The equipment is part of the operating cost reduction plan. The disposition was an early release on one of the lease-to-own vehicles. As at October 31, 2019, the Company has three lease-to-own vehicles (note11).

For the period ended October 31, 2019, the Company did not capitalize any general and administrative expenses, consistent with the prior year.

10. Debt

At October 31, 2019, the Company had short-term and long-term debt comprised of three prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 upon commencement of the contract. The Contract Price for each GJ of the Prepaid Volumes was $1.59708 per GJ fixed over the term of the agreement. On March 1, 2017 the Company entered into a second prepaid gas contract. The contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $400,000 at the commencement of the contract, $300,000 on April 1, 2017 and $300,000 on May 1, 2017. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. This prepaid contract was paid in full in the year ended October 31, 2019. On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area (note 7). The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement. To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

(unaudited, expressed in Canadian dollars)

At October 31, 2019 the balance of the debt was $1,201,968.

	Year ended October 31, 2019	Year ended October 31, 2018
Contract 1	$ 328,204	$ 765,410
Contract 2	-	164,380
Contract 2	873,764	1,311,019
Total debt	**$ 1,201,968**	**$ 2,240,809**

	Year ended October 31, 2019	Year ended October 31, 2018
Current liability	$ 765,086	$ 1,213,708
Non-current liability	436,882	1,027,101
Total debt	**$ 1,201,968**	**$ 2,240,809**

11. Finance lease obligations

At October 31, 2019, the Company had short-term and long-term finance lease obligations for field vehicles. The obligations are considered finance leases and are recognized as a liability on the interim balance sheet. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The terms of the obligation provide the Company with the right to obtain substantially all of the economic benefits from the use of the vehicles over the length of the obligation. The finance leases bear interest at an implicit rate of 0.15 to 0.71.

	Year ended October 31, 2019	Year Ended October 31, 2018
Current liability	$ 29,411	$ 28,040
Non-current liability	38,719	82,331
Total debt	**$ 68,130**	**$ 110,371**

Minimum lease payments, comprising interest expense and principal repayments, under the Company's finance lease obligations are as follows:

Year	**As at October 31, 2019**
2019	$ 5,406
2020	29,071
2021	18,724
2022	11,823
2023	3,106
	$ 68,130

12. Decommissioning obligation

The decommissioning liability was estimated based on the Company's ownership in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The estimated future cash flows have been discounted using an average risk free rate of 1.58 percent (October 31, 2018 -2.52 percent) and an inflation rate of 2 percent (October 31, 2018 – 2 percent). The Company has estimated the net present value of the decommissioning obligations to be $26,064,250 as at October 31, 2019. The Company has reduced the abandonment cost per well, which resulted in a change in estimate. The undiscounted, uninflated total future liability at October 31, 2019 is $21,624,698. The payments are expected to be incurred over the operating lives of the assets.

(unaudited, expressed in Canadian dollars)

The following table reconciles the decommissioning liability:

	Year ended October 31, 2019	Year ended October 31, 2018
Balance, beginning of period	**$ 34,461,813**	**$ 35,045,298**
Property acquisitions	-	698,901
Expenditures	(35,827)	(55,647)
Change in estimates [(1)]	(8,746,380)	(1,852,845)
Accretion expense	384,644	626,106
Balance, end of period	**$ 26,064,250**	**$ 34,461,813**

13. Financial risk management

The Company utilizes commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The following tables summarize the financial derivative contracts Abbey has outstanding at October 31, 2019 and the impact on the Balance Sheets and Statements of Net Loss and Comprehensive Loss:

Natural Gas Contract Period	Type	Daily Volume	Price (CAD$/GJ)l
September 1, 2016 to October 31, 2020	Fixed price	3,250 GJ	$2.73/GJ
March1, 2017 to March 31, 2018	Fixed price	7,500 GJ	$2.75/GJ
April 1, 2018 to March 31, 2019	Fixed price	5,000 GJ	$2.61/GJ

Risk Management Asset	Current Asset	Long term Asset
Balance at October 31, 2019	**633,885**	**-**
Balance at October 31, 2018	**2,024,926**	**2,024,926**

The following table show the Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Derivatives:

Earnings Impact of Realized and Unrealized Gains (Losses) on Financial Instruments	Year ended October 31, 2019	Year Ended October 31, 2018
Realized gain (loss) on financial derivatives	**$ 1,634,437**	**$ 3,496,395**
Unrealized gain (loss) on financial derivatives	(3,415,968)	(4,949,034)
Net loss on financial derivatives	**$ (1,781,531)**	**$ (1,452,639)**

14. Share capital

(a) Authorized

Unlimited number of common shares and preferred Shares, issuable in series. No preferred shares have been issued by the Company as at October 31, 2019.

(unaudited, expressed in Canadian dollars)

(b) Common Shares issued and outstanding

	Number	Amount
Balance at October 31, 2019 and 2018	**15,604,133**	**1,255,581**

(c) Shared-based compensation

The Company has a stock option plan in place whereby it may issue stock options to employees, consultants and directors of the Company. The options vest on the date of grant and expire five years from the date of issuance. At October 31, 2019, 2,500,000 stock options were outstanding.

The following table summarizes the changes in the stock options outstanding:

	Options	Price
Balance at October 31, 2019 and 2018	**2,500,000**	**$ 0.10**
Exercisable at October 31, 2019 and 2018	**2,500,000**	**$ 0.10**

The weighted average fair value of each stock option granted is estimated on the date of grant using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	1.16%
Expected life (years)	5
Estimated volatility of underlying common shares (%)	87.0% - 91.5%
Estimated forfeiture rate	0%
Expected dividend yield (%)	0%

Abbey estimated the volatility of the underlying common shares by analyzing the volatility of peer group companies.

15. Revenue

The Company sells its production pursuant to fixed and variable priced contracts with a third party gas marketer. The transaction price for variable priced contracts is based on the commodity price, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Under the contracts, the Company is required to deliver a volume of natural gas to the contract counterparty on a best efforts basis. Revenue is recognized when a unit of production is delivered to the contract counterparty. The amount of revenue recognized is based on the agreed transaction price, whereby any variability in revenue related specifically to the Company's efforts to deliver production, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained. The sale of produced commodities are under contracts for the life of the reserves. Revenues are typically collected on the 25th day of the month following production.

The following table presents the Company's commodity sales:

Natural gas	**Year ended October 31, 2019**	**Year ended October 31, 2018**
Sales from production	**$ 8,030,636**	**$ 10,066,491**
Realized gain on financial derivatives	1,634,437	3,496,395
	$ 9,665,073	**$ 13,562,886**

(unaudited, expressed in Canadian dollars)

At October 31, 2019, receivables from contracts with a third party gas marketer, which are included in accounts receivable, were $725,450 ($768,533 at October 31, 2018).

16. Finance expense

Finance expense consists of accretion on decommissioning obligations of $383,232 for the period ended October 31, 2019 and $625,039 for the period ended October 31, 2018.

17. Capital Management

The Company's general capital management policy is to maintain a sufficient capital base in order to manage its business to enable the Company to increase the value of its assets and therefore its underlying share value. The Company's objectives when managing capital are (i) to manage financial flexibility in order to preserve the Company's ability to meet financial obligations; (ii) maintain a capital structure that allows Abbey the ability to finance its growth using internally generated cashflow and (iii) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level and provides an optimal return to equity holders.

In the management of capital, Abbey includes share capital and total net debt, which is made up of debt and working capital (current assets less current liabilities). Abbey manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Abbey may issue new equity, increase or decrease debt, adjust capital expenditures and acquire or dispose of assets.

18. Income taxes

(a) Deferred income taxes recovery

The provision for income taxes in the financial statements differs from the result that would have been obtained by applying the combined federal and provincial income tax rate to the Company's loss before income tax. This difference results from the following items:

	October 31, 2019	October 31, 2018
Income (loss) before income taxes	$ (8,600,402)	$ (7,156,745)
Statutory tax rate	13%	13%
Expected income taxes recovery	(1,118,052)	(930,377)
Change in estimate and other	(2,008)	(2,635)
Tax assets (liability) not recognized	1,120,060	933,012
Deferred income taxes recovery	$ -	$ -

(b) Deferred tax assets (liabilities) have not been recognized in respect of the following temporary differences:

	October 31, 2019	October 31, 2018
Property and equipment	$ (2,835,777)	$ (4,290,146)
Asset retirement obligations	3,388,353	4,480,036
Unrealized hedging loss (gain)	(64,290)	(526,481)
Non-capital losses	954,480	659,297
	$ 1,442,766	$ 322,706

(unaudited, expressed in Canadian dollars)

The Company has available an estimated non-capital loss carry-forward amount of $7,377,181. The non-capital loss carry-forwards will expire between 2034 and 2039. The Company has an open audit with the Canadian Revenue Agency as at October 31, 2019.

19. Supplemented cash flows information

Changes in non-cash working capital is comprised of sources (uses of) cash:

	October 31, 2019	October 31, 2018
Accounts receivable	$ 48,095	$ 194,461
Prepaid expenses	1,500	(5,972)
Accounts payable and accrued liabilities	3,564,649	3,659,353
	3,614,244	3,847,842
Relating to:		
Operating activities	3,327,170	3,600,883
Investing activities	$ 287,074	$ 246,959

20. General and administrative expenses

The Company's general and administrative expenses consisted of the following expenditures:

	October 31, 2019	October 31, 2018
Employee costs	$ 444,884	$ 430,784
Consultants	593,467	586,902
Professional fees	36,168	2,050
Business development	443	39,518
Office costs	78,850	31,376
Computer software	60,211	59,822
	$ 1,214,023	$ 1,150,450

21. Related party transactions

(a) The Company considers its directors and officers that hold common shares in the Company to be key management personnel. The following table outlines transactions with key management personnel:

	October 31, 2019	October 31, 2018
Consultants	$ 295,216	$ 378,728
Total key management remuneration	**$ 295,216**	**$ 378,728**

22. Commitments

(a) Office lease

The Company has agreed to a month-to-month sublease for office space at $1,762 per month.

(b) Prepaid gas contract

At October 31, 2019, the Company had short-term and long-term debt comprised of prepaid gas contracts. The first contract was for 750 GJ/day of Gas production commencing August 1, 2016 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,095,750 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,750,000 in the prior year. The Contract Price for each GJ of the Prepaid Volumes was

(unaudited, expressed in Canadian dollars)

$1.59708 per GJ fixed over the term of the agreement.

The second contract was for 750 GJ/day of Gas production commencing March 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 547,500 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,000,000 in the current year. The Contract Price for each GJ of the Prepaid Volumes was $1.8265 per GJ fixed over the term of the agreement. This contract was paid in full in the current year.

On November 1, 2017, the Company entered into a third contract for 804 GJ/day of Gas production commencing November 1, 2017 and ending upon delivery to the Buyer of an aggregate amount of Prepaid Volumes equaling 1,174,497 GJs. In respect of Prepaid Volumes, the Buyer gave cash consideration of $1,600,000 on November 1, 2017 to purchase additional assets in the Company's core area. The Contract Price for each GJ of the Prepaid Volumes was $1.4900 per GJ fixed over the term of the agreement.

To secure the payment of the cash considerations, the Buyer has increased the Fixed and Floating Charge Demand Debenture and Negative Pledge to a total of $3,750,000 secured over the assets of the Company.

The following table shows the balance of the Prepaid Gas Contracts at October 31, 2019.

	Year ended October 31, 2019	Year ended October 31, 2018
Contract 1	$ 328,204	$ 765,410
Contract 2	-	164,380
Contract 2	873,764	1,311,019
Total debt	**$ 1,201,968**	**$ 2,240,809**

(c) Security deposit

In relation to the August 4, 2016 acquisition of natural gas assets in the Milk River area of Saskatchewan, the seller paid a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2017 and on a quarterly basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to $200,000 per calendar year, prorated on a monthly basis, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full. The Seller has paid a Security deposit on Abbey's behalf in the amount of $11,337,831.

In relation to the March 1, 2017 acquisition, the seller has agreed to make a security deposit on behalf of Abbey to the Saskatchewan Ministry of the Economy in order to approve the transfer of licenses related to the Assets in the agreement. Commencing January, 2018 and on an annual basis thereafter, Abbey is required to review the Saskatchewan Licensee Liability Rating and upon completion of the review, if applicable request a refund of the Security Deposit. If on January 1, 2020, any portion of the Security Deposit is still being held by the Saskatchewan Ministry of the Economy, then in consideration of the Seller continuing to maintain the Security Deposit on Abbey's behalf, Abbey shall pay the Seller an amount equal to the standby fee attributable to the Letter of Credit in place at the time for the required Security Deposit, until such time as the full amount of the Security Deposit is refunded to the Seller or otherwise cancelled in full.. The Seller has paid a Security deposit on Abbey's behalf in the amount of $16,322,771.

THIS IS EXHIBIT "**I**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Installation: ABBEY
NET OPERATIONS SUMMARY - by Production within Accounting
Imperial.Includes Capital Expenses Operated?: Both Op and Non-Op., With Volumes
Accounting Periods: 2019-11 to 2020-10. Production Periods: 2019-11 to 2020-1(
GRAND TOTAL SUMMARY

S/F	Description	Units	2019-11	2019-12	2020-01	2020-02	2020-03	2020-04	2020-05	2020-06	2020-07	2020-08	2020-09	2020-10	Other Months	Grand Total
REVENUE																
GAS																
020	GAS REVENUE		-1,074,647.72	-815,044.77	-772,267.48	-652,908.39	-766,794.95	-797,162.78	-874,749.05	-750,839.43	-775,697.53	-944,603.45	-799,526.33	-906,724.41	0.00	-9,930,966.29
021	CROWN ROY ALTY - GAS		2,926.00	2,580.00	1,546.00	1,357.00	1,316.00	1,162.00	1,683.00	1,471.00	1,873.00	4,315.00	0.00	2,217.00	0.00	22,446.00
022	FREEHOLD ROYALTY - GAS		5,251.46	4,789.05	4,327.08	3,871.11	3,759.81	3,668.01	4,213.61	4,175.58	4,485.58	4,747.64	4,921.68	4,608.84	5,960.67	58,780.12
023	GORR - GAS		60,606.78	56,791.09	50,370.97	41,087.93	38,121.11	38,230.12	42,932.51	43,899.84	39,559.95	46,296.56	45,029.33	50,880.93	20,275.59	574,082.71
024	MINERAL TAX - GAS		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,370.57	0.00	0.00	0.00	34,096.76	42,467.33
	GAS TOTALS:		**-1,005,863.48**	**-750,884.63**	**-716,023.43**	**-606,592.35**	**-723,598.03**	**-754,102.65**	**-825,919.93**	**-701,293.01**	**-721,408.43**	**-889,244.25**	**-749,575.32**	**-849,017.64**	**60,333.02**	**-9,233,190.13**
HEDGING																
HEDGING																
071	HEDGING GAINS & LOSSES - GAS		4,533.75	-46,475.98	-54,304.25	-92,374.43	-77,920.05	-70,560.75	-66,877.85	-81,051.75	-74,645.68	-28,774.20	-55,916.25	-37,942.45	0.00	-682,309.89
	HEDGING TOTALS:		**4,533.75**	**-46,475.98**	**-54,304.25**	**-92,374.43**	**-77,920.05**	**-70,560.75**	**-66,877.85**	**-81,051.75**	**-74,645.68**	**-28,774.20**	**-55,916.25**	**-37,942.45**	**0.00**	**-682,309.89**
OPERATING EXPENSE																
TRANSPORATION COSTS																
100	MARKETING FEES		9,464.67	7,993.76	7,766.69	8,217.13	9,116.58	9,379.89	10,097.94	9,257.58	9,059.79	9,613.11	8,865.81	10,883.55	0.00	109,716.50
102	GAS TRANSPORTATION		93,580.85	87,298.82	78,187.86	84,552.08	86,601.01	91,366.27	94,653.38	88,069.75	87,354.71	88,542.69	82,905.84	85,263.93	0.00	1,048,377.19
	TRANSPORATION COSTS TOTALS:		**103,045.52**	**95,292.58**	**85,954.55**	**92,769.21**	**95,717.59**	**100,746.16**	**104,751.32**	**97,327.33**	**96,414.50**	**98,155.80**	**91,771.65**	**96,147.48**	**0.00**	**1,158,093.69**
PRODUCTION COSTS																
110	FUEL		9,032.06	9,195.64	18,238.16	15,348.59	11,028.61	8,760.85	7,784.63	5,854.57	8,333.69	9,735.04	8,868.60	22,054.56	0.00	134,235.00
111	RENTALS		610.00	627.00	627.00	593.00	627.00	610.00	627.00	610.00	5,127.00	5,127.00	635.00	1,413.00	0.00	17,233.00
112	EQUIPMENT & SUPPLIES		8,778.86	4,240.72	6,664.59	3,427.48	6,399.32	10,132.30	9,649.62	9,205.54	8,257.41	13,219.59	15,360.74	10,888.63	430.80	106,655.60
113	POWER AND UTILITIES		17,882.88	16,592.87	38,120.64	33,126.92	24,359.97	21,602.24	13,623.14	11,959.78	9,653.14	9,955.56	7,174.79	16,804.63	0.00	220,856.56
117	WASTE DISPOSAL & TRUCKING		29,845.20	30,859.68	4,159.47	12,721.83	18,010.75	20,191.21	28,389.04	21,735.14	9,947.81	32,014.16	27,871.74	23,372.77	24,866.11	283,984.91
118	PRESSURE VACCUM TRUCK		0.00	0.00	0.00	0.00	3,485.77	0.00	12,870.00	4,950.00	8,160.00	6,450.00	11,155.00	6,635.00	0.00	53,705.77
127	ANALYSIS & TEST		0.00	0.00	0.00	42.00	0.00	0.00	21.00	21.00	0.00	34.31	0.00	0.00	0.00	118.31
137	MISCELLANEOUS OPERATING		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,900.00	0.00	0.00	1,900.00
	PRODUCTION COSTS TOTALS:		**66,149.00**	**61,515.91**	**67,809.86**	**65,259.82**	**63,911.42**	**61,296.60**	**72,964.43**	**54,336.03**	**49,479.05**	**76,535.66**	**72,965.87**	**81,168.59**	**25,296.91**	**818,689.15**
CHEMICALS & TREATMENTS																
140	GLYCOL		0.00	0.00	0.00	6,142.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,142.82
141	METHANOL AND METHANOL TANKS		840.00	0.00	0.00	720.00	0.00	0.00	0.00	0.00	0.00	39,900.00	0.00	0.00	0.00	41,460.00
142	LUBRICANTS		43,567.38	7,580.57	7,731.86	25,896.98	12,849.08	2,854.08	17,565.77	23,523.21	22,676.50	10,608.99	6,519.34	41,180.43	0.00	222,554.19
149	CHEMICAL & TREATMENT SERVICES		2,078.21	0.00	5,730.60	0.00	0.00	0.00	21,963.80	0.00	4,896.72	0.00	5,856.72	0.00	0.00	40,526.05
	CHEMICALS & TREATMENTS TOTALS:		**46,485.59**	**7,580.57**	**13,462.46**	**32,759.80**	**12,849.08**	**2,854.08**	**39,529.57**	**23,523.21**	**27,573.22**	**50,508.99**	**12,376.06**	**41,180.43**	**0.00**	**310,683.06**
CONTRACTOR COSTS																
150	CONTRACT OPERATORS		103,040.00	105,680.00	104,660.00	97,690.00	108,515.00	104,535.00	88,266.62	93,370.50	89,194.22	80,579.52	89,934.30	90,205.70	0.00	1,155,670.86
152	FIELD OFFICE & LABOUR		7,048.91	5,689.84	6,359.47	6,180.16	7,990.28	6,563.86	6,578.79	7,733.33	9,867.99	1,811.75	2,144.92	12,904.82	0.00	80,874.12
153	CONTRACT LABOUR / CONSULTING SERVICES		3,376.90	2,579.90	5,890.00	2,022.50	27,961.13	12,859.31	59,443.00	36,904.55	18,482.50	53,147.72	18,003.49	46,712.95	0.00	287,383.95
154	COMMUNICATIONS		876.66	875.93	875.91	1,013.27	0.00	0.00	1,193.40	0.00	0.00	0.00	0.00	0.00	0.00	4,835.17
156	HEALTH, SAFETY & ENVIRONMENTAL		2,459.80	3.30	7.00	457.00	1,900.85	1,672.50	1,295.00	659.00	606.00	2,216.00	109.00	723.00	75.50	12,183.95
158	VEHICLE		0.00	0.00	0.00	0.00	0.00	-1,739.62	0.00	400.00	0.00	0.00	0.00	4,344.72	0.00	3,005.10
159	TRAVEL & SUBSISTENCE		13,156.21	16,759.34	15,815.21	15,718.28	16,526.88	13,076.34	12,838.44	13,651.68	15,554.87	14,543.35	17,076.85	17,142.64	0.00	181,860.09
	CONTRACTOR COSTS TOTALS:		**129,958.48**	**131,588.31**	**133,607.59**	**123,081.21**	**162,894.14**	**136,967.39**	**169,615.25**	**152,719.06**	**133,705.58**	**152,298.34**	**127,268.56**	**172,033.83**	**75.50**	**1,725,813.24**
MAINTENANCE & REPAIRS																
160	ROAD & LEASE MAINTENANCE		0.00	700.00	232.98	595.86	232.98	292.54	302.30	292.53	367.77	38,631.76	355.89	168.79	2,889.94	45,063.34
161	WELL MAINTNANCE		48.11	1,578.98	2,825.77	0.00	2,203.26	6,340.75	1,822.73	718.56	0.00	2,950.28	39,876.34	27,090.01	0.00	85,454.79

162	FACILITY MAINTENANCE	37,372.24	18,161.44	32,729.71	46,692.63	34,475.42	14,679.32	19,917.91	21,103.48	31,276.22	11,639.25	50,010.96	53,323.30	485.96	371,867.84
167	ENVIRONMENTAL DAMAGE / REMEDIATION	0.00	0.00	0.00	5,500.00	0.00	500.00	6,410.74	2,857.16	0.00	0.00	500.00	2,588.80	0.00	18,356.70
168	VEHICLE MAINTENANCE	17,152.83	0.00	10,060.02	30,237.38	0.00	0.00	0.00	5,171.58	7,574.47	3,853.79	0.00	3,808.79	0.00	77,858.86
	MAINTENANCE & REPAIRS TOTALS:	**54,573.18**	**20,440.42**	**45,848.48**	**83,025.87**	**36,911.66**	**21,812.61**	**28,453.68**	**30,143.31**	**39,218.46**	**57,075.08**	**90,743.19**	**86,979.69**	**3,375.90**	**598,601.53**
	OTHER OPERATING COSTS														
180	INSURANCE	9,575.46	10,648.18	8,113.72	9,638.10	10,028.37	8,113.72	8,113.72	8,113.72	8,113.72	11,036.00	18,408.66	12,653.72	0.00	122,557.09
191	PST	12,048.44	7,350.40	10,506.21	12,154.16	9,342.57	7,735.00	10,098.21	9,006.58	9,188.77	9,937.35	11,179.48	15,324.85	-20.95	123,851.07
193	CARBON TAX	437.54	732.08	1,493.83	1,385.44	1,414.22	1,570.81	1,196.03	931.93	1,038.00	4,612.00	1,041.79	2,265.63	0.00	18,119.30
	OTHER OPERATING COSTS TOTALS:	**22,061.44**	**18,730.66**	**20,113.76**	**23,177.70**	**20,785.16**	**17,419.53**	**19,407.96**	**18,052.23**	**18,340.49**	**25,585.35**	**30,629.93**	**30,244.20**	**-20.95**	**264,527.46**
	OPERATING EXPENSE TOTALS:	**422,273.21**	**335,148.45**	**366,796.70**	**420,073.61**	**393,069.05**	**341,096.37**	**434,722.21**	**376,101.17**	**364,731.30**	**460,159.22**	**425,755.26**	**507,754.22**	**28,727.36**	**4,876,408.13**
LEASE RENTALS, TAXES & FEES															
	LEASE RENTALS														
170	LEASE RENTALS - MINERAL	0.00	0.00	32,311.89	0.00	0.00	550,572.39	0.00	0.00	0.00	0.00	0.00	0.00	552,621.42	1,135,505.70
171	LEASE RENTALS - SURFACE	223,704.27	198,204.05	453,168.48	277,708.43	203,522.11	184,000.73	252,244.60	241,803.91	232,706.10	297,105.21	368,790.48	283,429.20	14,100.00	3,230,487.57
	LEASE RENTALS TOTALS:	**223,704.27**	**198,204.05**	**485,480.37**	**277,708.43**	**203,522.11**	**734,573.12**	**252,244.60**	**241,803.91**	**232,706.10**	**297,105.21**	**368,790.48**	**283,429.20**	**566,721.42**	**4,365,993.27**
	PROPERTY TAXES & REGULATORY FEES														
172	PROPERTY TAXES	196,306.00	69,583.58	168,783.00	168,783.00	168,783.00	168,783.00	172,322.05	168,783.00	168,783.00	168,783.00	169,828.78	168,830.31	-8,430.84	1,949,920.88
173	TAXES, LICENCES, REGULATORY FEES	0.00	0.00	0.00	0.00	0.00	9,865.00	0.00	0.00	0.00	0.00	6,000.00	0.00	0.00	15,865.00
177	ADMINISTRATION LEVY	24,067.00	24,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	29,343.00	0.00	341,840.00
	PROPERTY TAXES & REGULATORY FEES TOTALS:	**220,373.00**	**93,926.58**	**198,126.00**	**198,126.00**	**198,126.00**	**207,991.00**	**201,665.05**	**198,126.00**	**198,126.00**	**198,126.00**	**205,171.78**	**198,173.31**	**-8,430.84**	**2,307,625.88**
	LEASE RENTALS, TAXES & FEES TOTALS:	**444,077.27**	**292,130.63**	**683,606.37**	**475,834.43**	**401,648.11**	**942,564.12**	**453,909.65**	**439,929.91**	**430,832.10**	**495,231.21**	**573,962.26**	**481,602.51**	**558,290.58**	**6,673,619.15**
WELL WORKOVERS (OPERATING - AFE REQUIRED)															
	WELL WORKOVERS (OPERATING - AFE REQUIRED)														
203	SERVICE RIG	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48,694.18	0.00	0.00	0.00	0.00	0.00	48,694.18
205	EQUIPMENT RENTALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,912.20	0.00	0.00	0.00	0.00	0.00	5,912.20
208	WATER, MUD AND CHEMICALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	1,800.00
213	TRUCKING & HAULING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,870.00	0.00	0.00	0.00	0.00	0.00	8,870.00
228	LOAD OIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,110.00	0.00	1,280.00	0.00	0.00	0.00	2,390.00
242	PST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,226.19	0.00	0.00	0.00	0.00	0.00	1,226.19
248	NON-OPERATED WORKOVER COSTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,566.59	0.00	0.00	0.00	0.00	0.00	17,566.59
	WELL WORKOVERS (OPERATING - AFE REQUIRED) TOTALS:	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**85,179.16**	**0.00**	**1,280.00**	**0.00**	**0.00**	**0.00**	**86,459.16**
LAND & LEASE COSTS															
	LAND & LEASE COSTS														
257	LEASE RENTALS - MINERAL	0.00	0.00	0.00	0.00	0.00	2,943.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,943.25
258	LEASE RENTALS - SURFACE	5,585.40	0.00	0.00	0.00	2,650.00	0.00	0.00	0.00	0.00	1,403.00	0.00	0.00	0.00	9,638.40
	LAND & LEASE COSTS TOTALS:	**5,585.40**	**0.00**	**0.00**	**0.00**	**2,650.00**	**2,943.25**	**0.00**	**0.00**	**0.00**	**1,403.00**	**0.00**	**0.00**	**0.00**	**12,581.65**
DRILLING COSTS															
	ABANDONMENT														
351	ABANDONMENT / PLUGS / PACKERS / WIRELINE	4,888.00	0.00	0.00	13,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,888.00
352	RECLAMATION	0.00	0.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
	ABANDONMENT TOTALS:	**4,888.00**	**0.00**	**0.00**	**13,000.00**	**4,000.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**21,888.00**
EQUIPMENT - TANGIBLES															
	PLANT & BATTERY EQUIPMENT														
546	ELECTRICAL EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,406.59	0.00	8,406.59
550	EXTERNAL LABOUR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,945.00	0.00	0.00	13,913.20	1,057.35	0.00	17,915.55
552	PIPES, VALVES & FITTINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,535.18	9,274.47	0.00	13,809.65
553	TRUCKING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,945.00	0.00	2,185.00	0.00	7,125.00	0.00	20,255.00
554	STARTUP EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,367.18	0.00	12,367.18
555	FLARE, SAFETY & INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	498.00	0.00	498.00
559	METERING FACILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,682.61	0.00	2,682.61
571	INSTALLATION LABOUR & SUPERVISION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	46,626.85	0.00	46,626.85
574	STORAGE TANKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,750.00	2,895.15	0.00	0.00	0.00	6,645.15
597	PST	0.00	0.00	0.00	0.00	5,838.00	0.00	0.00	176.70	0.00	0.00	6,335.31	5,221.36	0.00	17,571.37

	PLANT & BATTERY EQUIPMENT TOTALS:		**0.00**	**0.00**	**0.00**	**0.00**	**5,838.00**	**0.00**	**0.00**	**14,066.70**	**3,750.00**	**5,080.15**	**24,783.69**	**93,259.41**	**0.00**	**146,777.95**	
	PIPELINE & GATHERING SYSTEMS																
601	RESTORATION & DAMAGES		35,912.95	9,853.97	12,766.76	5,474.45	3,344.00	9,856.62	27,021.78	3,687.50	0.00	7,784.62	19,423.36	13,266.85	1,797.48	150,190.34	
602	ENIRONMENTAL SERVICES		0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,983.30	4,844.50	0.00	0.00	763.70	0.00	16,591.50	
603	SURVEYING		2,040.00	1,892.50	1,207.50	850.00	0.00	2,887.50	3,875.00	690.00	600.00	3,047.50	3,552.50	1,305.00	0.00	21,947.50	
609	EQUIPMENT RENTAL		20,483.44	0.00	2,728.00	2,799.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,010.44	
611	INSTALLATION LABOUR		28,192.45	0.00	5,025.00	3,317.50	0.00	1,350.00	5,900.00	1,300.00	1,000.00	1,300.00	7,500.00	0.00	0.00	54,884.95	
647	PST		2,317.29	0.00	465.18	366.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,149.46	
	PIPELINE & GATHERING SYSTEMS TOTALS:		**88,946.13**	**11,746.47**	**22,192.44**	**12,807.94**	**3,344.00**	**14,094.12**	**36,796.78**	**16,660.80**	**6,444.50**	**12,132.12**	**30,475.86**	**15,335.55**	**1,797.48**	**272,774.19**	
	EQUIPMENT - TANGIBLES TOTALS:		**88,946.13**	**11,746.47**	**22,192.44**	**12,807.94**	**9,182.00**	**14,094.12**	**36,796.78**	**30,727.50**	**10,194.50**	**17,212.27**	**55,259.55**	**108,594.96**	**1,797.48**	**419,552.14**	
	OTHER RESEARCH AND DEVELOPMENT																
	OTHER RESEARCH AND DEVELOPMENT																
700	RESEARCH & DEVELOPMENT		0.00	0.00	0.00	17,619.05	8,571.43	2,380.95	0.00	0.00	23,809.52	4,761.90	9,523.81	5,238.10	0.00	71,904.76	
	OTHER RESEARCH AND DEVELOPMENT TOTALS:		**0.00**	**0.00**	**0.00**	**17,619.05**	**8,571.43**	**2,380.95**	**0.00**	**0.00**	**23,809.52**	**4,761.90**	**9,523.81**	**5,238.10**	**0.00**	**71,904.76**	
	AREA:GRAND TOTAL TOTALS:		**-35,559.72**	**-158,335.06**	**302,267.83**	**240,368.25**	**17,602.51**	**478,415.41**	**32,630.86**	**149,592.98**	**33,513.31**	**62,029.15**	**259,009.31**	**216,229.70**	**649,148.44**	**2,246,912.97**	Agreed
	REVENUE VOLUMES																
020	GAS REVENUE	MCF	-409,029.75	-366,430.17	-359,246.24	-367,878.31	-404,309.09	-410,282.67	-437,460.22	-406,030.53	-402,814.79	-397,810.16	-370,334.48	-385,422.87	0.00	-4,717,049.28	
	EQUIVALENT VOLUMES																
020	GAS REVENUE	BOE	-68,171.62	-61,071.68	-59,874.36	-61,313.06	-67,384.86	-68,380.44	-72,910.03	-67,671.74	-67,135.81	-66,301.69	-61,722.42	-64,237.14	0.00	-786,174.85	
	EQUIVALENT VOLUMES TOTALS:		**-68,171.62**	**-61,071.68**	**-59,874.36**	**-61,313.06**	**-67,384.86**	**-68,380.44**	**-72,910.03**	**-67,671.74**	**-67,135.81**	**-66,301.69**	**-61,722.42**	**-64,237.14**	**0.00**	**-786,174.85**	
	AVERAGE DAILY VOLUMES																
020	GAS REVENUE	MCF/day	-13,634.33	-11,820.33	-11,588.59	-12,685.46	-13,042.23	-13,676.09	-14,111.62	-13,534.35	-12,994.03	-12,832.59	-12,344.48	-12,433.00	0.00	-12,888.11	
	AVERAGE EQUIVALENT DAILY VOLUMES																
020	GAS REVENUE	BOE/day	-2,272.39	-1,970.05	-1,931.43	-2,114.24	-2,173.71	-2,279.35	-2,351.94	-2,255.72	-2,165.67	-2,138.76	-2,057.41	-2,072.17	0.00	-2,148.02	
	AVERAGE EQUIVALENT DAILY VOLUMES TOTALS:		**-2,272.39**	**-1,970.05**	**-1,931.43**	**-2,114.24**	**-2,173.71**	**-2,279.35**	**-2,351.94**	**-2,255.72**	**-2,165.67**	**-2,138.76**	**-2,057.41**	**-2,072.17**	**0.00**	**-2,148.02**	
	REVENUE PRICES																
020	GAS REVENUE	$/MCF	2.63	2.22	2.15	1.77	1.90	1.94	2.00	1.85	1.93	2.37	2.16	2.35	0.00	2.11	
	OPERATIONAL SUMMARIES																
	SALES	$	-1,074,647.72	-815,044.77	-772,267.48	-652,908.39	-766,794.95	-797,162.78	-874,749.05	-750,839.43	-775,697.53	-944,603.45	-799,526.33	-906,724.41	0.00	-9,930,966.29	
	ROYALTIES	$	68,784.24	64,160.14	56,244.05	46,316.04	43,196.92	43,060.13	48,829.12	49,546.42	54,289.10	55,359.20	49,951.01	57,706.77	60,333.02	697,776.16	
	EXPENSES	$	866,350.48	627,279.08	1,050,403.07	895,908.04	794,717.16	1,283,660.49	888,631.86	901,210.24	795,563.40	956,670.43	999,717.52	989,356.73	587,017.94	11,636,486.44	
	OPERATIONAL SUMMARIES TOTALS:		**-139,513.00**	**-123,605.55**	**334,379.64**	**289,315.69**	**71,119.13**	**529,557.84**	**62,711.93**	**199,917.23**	**74,154.97**	**67,426.18**	**250,142.20**	**140,339.09**	**647,350.96**	**2,403,296.31**	
	SALES	($/BOE)	15.76	13.35	12.90	10.65	11.38	11.66	12.00	11.10	11.55	14.25	12.95	14.12	0.00	12.63	
	ROYALTIES	($/BOE)	-1.01	-1.05	-0.94	-0.76	-0.64	-0.63	-0.67	-0.73	-0.81	-0.83	-0.81	-0.90	0.00	-0.89	
	EXPENSES	($/BOE)	-12.71	-10.27	-17.54	-14.61	-11.79	-18.77	-12.19	-13.32	-11.85	-14.43	-16.20	-15.40	0.00	-14.80	
	NET BACK	($/BOE)	2.04	2.03	-5.58	-4.72	-1.05	-7.74	-0.86	-2.95	-1.11	-1.01	-4.06	-2.18	0.00	-3.06	
	EXPENSES/SALES	%	-80.62	-76.96	-136.02	-137.22	-103.64	-161.03	-101.59	-120.03	-102.56	-101.28	-125.04	-109.11	0.00	-117.17	
	EXPENSES/NET REVENUE	%	-86.13	-83.54	-146.70	-147.70	-109.83	-170.22	-107.59	-128.51	-110.28	-107.58	-133.37	-116.53	972.96	-126.03	

THIS IS EXHIBIT "**J**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

____

A COMMISSIONER FOR OATHS in and for the Province of Alberta
Being a Solicitor

Government of Alberta

Personal Property Registry
Search Results Report

Search ID #: Z13904285

Transmitting Party

DLA PIPER (CANADA) LLP

1000 Livingston Place, 250 2 Street SW
CALGARY, AB T2P 0C1

Party Code: 50100726
Phone #: 403 698 8750
Reference #: 099992-092241

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Business Debtor Search For:

ABBEY RESOURCES CORP.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Business Debtor Search For:

ABBEY RESOURCES CORP.

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 16110321822 Registration Type: SECURITY AGREEMENT
Registration Date: 2016-Nov-03 Registration Status: Current
Expiry Date: 2021-Nov-03 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

17062030485	Amendment	2017-Jun-20

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. 700, 505 - 3 STREET SW CALGARY, AB T2P 3E6	Current

Secured Party / Parties

Block		Status
1	CANADIAN WESTERN BANK 606 4 STREET S.W. CALGARY, AB T2P 1T1 Phone #: 403 262 8700 Fax #: 403 262 4899	Current

Collateral: General

Block	Description	Status
1	The entire right, title, claim and interest of the Debtor in and to all monies owing and payable or hereafter owing and payable to the Debtor pursuant to the terms of the instrument, or instruments, including all renewals, replacements and substitutions described as Assignment of Bank Instrument dated October 26, 2016 in the amount of C $7,500 covering GIC #101007562781 and all proceeds thereof.	Deleted By 17062030485
2	The entire right, title, claim and interest of the Debtor in and to all monies owing and payable or hereafter owing and payable to the Debtor pursuant to the terms of the instrument, or instruments, including all renewals, replacements and substitutions described as Assignment of Bank Instrument dated June 9, 2017 in the amount of C $20,000 covering GIC #101008344648, and all proceeds thereof.	Current By 17062030485

Business Debtor Search For:

ABBEY RESOURCES CORP.

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 17060843383
Registration Date: 2017-Jun-08

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2023-Jun-08 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. 700 505 3 STREET SW CALGARY, AB T2P3E6	Current

Secured Party / Parties

Block		Status
1	JIM PEPLINSKI LEASING INC. 3200 BLOOR STREET WEST TORONTO, ON M8X 1E1 Phone #: 416 236 1651 Fax #: 416 236 3490	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1GTG6EEN6H1250153	2017	GMC CANYON CREW CAB	MV - Motor Vehicle	Current

Business Debtor Search For:

ABBEY RESOURCES CORP.

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 18031939257 Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Mar-19 Registration Status: Current

Expiry Date: 2024-Mar-19 23:59:59

Exact Match on: Debtor No: 2

Amendments to Registration

18032019638	Amendment	2018-Mar-20
18040535501	Amendment	2018-Apr-05

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. SUTIE 700 505 3 STREET SW CALGARY, AB T2P3E6	Deleted by 18040535501

Block		Status
2	ABBEY RESOURCES CORP. SUITE 700 505 3 STREET SW CALGARY, AB T2P3E6	Current by 18040535501

Secured Party / Parties

Block		Status
1	JIM PEPLINSKI LEASING INC. 3200 BLOOR STREET WEST TORONTO, ON M8X 1E1 Phone #: 416 236 1651 Fax #: 416 236 3490	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	3500SLTCREWCAB	2018	RAM 3500 SLT CREW CAB	MF - Manufactured Home	Deleted By 18032019638

2	3500SLTCREWCAB	2018	RAM 3500 SLT CREW CAB	MV - Motor Vehicle	Deleted By 18040535501
3	3C63RRHL8JG239483	2018	RAM 3500 SLT CREW CAB	MV - Motor Vehicle	Current By 18040535501

Personal Property Registry
Search Results Report

Search ID #: Z13904285

Business Debtor Search For:
ABBEY RESOURCES CORP.
Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 18053115760 Registration Type: SECURITY AGREEMENT
Registration Date: 2018-May-31 Registration Status: Current
Expiry Date: 2026-May-31 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. SUITE 700, 505 - 3RD STREET SW CALGARY, AB T2P 3E6	Current

Secured Party / Parties

Block		Status
1	TWIN EAGLE RESOURCE MANAGEMENT CANADA, LLC SUITE 300, 205 - 6TH AVENUE SW CALGARY, AB T2P 3H7	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.	Current

Government of Alberta

Personal Property Registry
Search Results Report

Search ID #: Z13904285

Business Debtor Search For:

ABBEY RESOURCES CORP.

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 18053115813
Registration Date: 2018-May-31

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. SUITE 700, 505 - 3RD STREET SW CALGARY, AB T2P 3E6	Current

Secured Party / Parties

Block		Status
1	TWIN EAGLE RESOURCE MANAGEMENT CANADA, LLC SUITE 300, 205 - 6TH AVENUE SW CALGARY, AB T2P 3H7	Current

Business Debtor Search For:

ABBEY RESOURCES CORP.

Search ID #: Z13904285 **Date of Search:** 2021-Jun-07 **Time of Search:** 16:11:22

Registration Number: 20022112509 Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Feb-21 Registration Status: Current

Expiry Date: 2026-Feb-21 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ABBEY RESOURCES CORP. SUITE 700, 505 3RD STREET SW CALGARY, AB T2P3E6	Current

Secured Party / Parties

Block		Status
1	JIM PEPLINSKI LEASING INC. 81 THE EAST MALL - SUITE 101 TORONTO, ON M8Z5W3 Email: ppsa@jimpeplinski.ca	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	3C63RRHL9LG141968	2020	RAM 3500	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	ANY OTHER EQUIPMENT PURCHASED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL APPURTENANCES, ACCESSIONS, IMPROVEMENTS AND ADDITIONS THERETO AND SUBSTITUTIONS AND REPLACEMENTS THEREFOR, WHERESOEVER LOCATED AND WHENEVER ACQUIRED, INCLUDING ALL TOOLS, PARTS AND ACCESSORIES USED IN CONNECTION THEREWITH (COLLECTIVELY, THE "EQUIPMENT"), AND ALL PRODUCTS, CHATTEL PAPER, CONTRACTS AND INTELLECTUAL PROPERTY RELATED THERETO AND PROCEEDS THEREOF (INCLUDING PROCEEDS OF DISPOSITIONS AND INSURANCE PROCEEDS), AND ALL PROCEEDS OF THE EQUIPMENT".	Current

Result Complete

Saskatchewan
Personal Property Registry
Search Result

Searching Party: Onyschuk, Alison
Search Date: 07-Jun-2021 16:23:47
Search Type: Standard

Search #: 203585449
Client Reference: 099992-092241
Control #:

Search Criteria
Search By: Business Debtor Name
Business Name

Abbey Resources Corp.

The following list displays all matches & indicates the ones that were selected.
5 Registration(s) Found: Exacts (4) - Similars (1)

Selected	Match	Reg #	Registration Type	Debtor Name	City	Enforcement Instruction Reg #
Yes	Exact	301520308	Personal Property Security Agreement	Abbey Resources Corp.	Calgary	N/A
Yes	Exact	301748127	Personal Property Security Agreement	ABBEY RESOURCES CORP.	Calgary	N/A
Yes	Exact	302039781	Personal Property Security Agreement	ABBEY RESOURCES CORP.	CALGARY	N/A
Yes	Exact	302115186	Enforcement Charge - Provincial Judgment	ABBEY RESOURCES CORP.	CALGARY	N/A
Yes	Similar	302053927	Commercial Lien	ABBEY RESOURCES	SWIFT CURRENT	N/A

Saskatchewan
Personal Property Registry
Search Result

Current - Exact

Registration Type:	Personal Property Security Agreement	**Registration #:**	301520308
Registration Date:	17-Aug-2016 14:32:49	**Expiry Date:**	17-Aug-2026

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID:	151511816-1	**Address:**	1500 - 1874 SCARTH ST.
Entity Type:	Business		REGINA, Saskatchewan
Name:	MACPHERSON LESLIE & TYERMAN LLP		S4P4E9
			Canada

Secured Party

Item #:	1	**Address:**	Suite 300, Bow Valley Square 4, 205 – 6th Avenue SW
Party ID:	152613134-1		Calgary, Alberta
Entity Type:	Business		T2P3H7
Name:	Twin Eagle Resource Management Canada, LLC		Canada

Debtor Party

*** Item #:**	1	**Address:**	Suite 700, 505 – 3rd Street SW
Party ID:	152613135-1		Calgary, Alberta
Entity Type:	Business		T2P3E6
Name:	Abbey Resources Corp.		Canada

General Property

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Saskatchewan
Personal Property Registry
Search Result

Current - Exact

Registration Type:	Personal Property Security Agreement	**Registration #:**	301748127
Registration Date:	04-Apr-2018 12:04:53	**Expiry Date:**	04-Apr-2024

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID:	152974024-1	**Address:**	372 Bay Street, Suite 200
Entity Type:	Business		Toronto, Ontario
Name:	SECUREFACT TRANSACTION SERVICES, INC.		M5H2W9
			Canada

Secured Party

Item #:	1	**Address:**	3200 Bloor Street West
Party ID:	151497275-1		Toronto, Ontario
Entity Type:	Business		M8X1E1
Name:	JIM PEPLINSKI LEASING INC.		Canada

Debtor Party

* **Item #:**	1	**Address:**	Suite 700 505 3 Street SW
Party ID:	152974336-1		Calgary, Alberta
Entity Type:	Business		T2P3E6
Name:	ABBEY RESOURCES CORP.		Canada

Serial Property

Item #:	1	**Year:**	2018
Serial Type:	Motor Vehicle	**Make/Desc:**	Ram
Serial #:	3C63RRHL8JG239483	**Model:**	3500 SLT Crew Cab 4x4
Override:	No	**Color:**	

Saskatchewan
Personal Property Registry
Search Result

Current - Exact

Registration Type:	Personal Property Security Agreement	**Registration #:**	302039781
Registration Date:	02-Jun-2020 11:48:54	**Expiry Date:**	02-Jun-2022

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID:	153462688-1	**Address:**	70 24 ST E
Entity Type:	Business		SASKATOON, Saskatchewan
Name:	CANGAS PROPANE INC.		S7K4B8
			Canada

Secured Party

Item #:	1	**Address:**	70 24 ST E
Party ID:	153462688-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K4B8
Name:	CANGAS PROPANE INC.		Canada

Debtor Party

* **Item #:**	1	**Address:**	SUITE 700, 505 3RD ST SW
Party ID:	153462689-1		CALGARY, Alberta
Entity Type:	Business		T2P3E6
Name:	ABBEY RESOURCES CORP.		Canada

General Property

PROPANE TANKS
5 X 500 USWG
8 X 1000 USWG

INCLUDING ALL VALVES, REGULATORS, HOSES AND MOUNTING BLOCKS

AND ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, ALL GOODS, INVESTMENT PROPERTY, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES AND MONEY (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY AMENDMENTS THERETO).

SERIAL NUMBERS
21207A
21409A/01
279412
5439211
601258
601264
614580
B2639
BB2744
L7429/01
M5067
N5368
NN1990
X1475

Saskatchewan
Personal Property Registry
Search Result

Current - Exact

Registration Type:	Enforcement Charge - Provincial Judgment	**Registration #:**	302115186
Registration Date:	17-Dec-2020 10:15:10	**Expiry Date:**	09-Dec-2030
Judgment Date:	09-Dec-2020		

Event Type: Setup
Transaction Reason: Regular

Transaction Description: Registration of Order for Costs (Court of Appeal)

Notations

Court #: CACV 3615
Judicial Centre: REGINA
Amount: $6,278.75

Registrant

Party ID:	152185255-1	**Address:**	600, 2103 - 11th Avenue
Entity Type:	Business		Regina, Saskatchewan
Name:	Miller Thomson LLP		S4P3Z8
			Canada

Creditor

Item #:	1	**Address:**	250 - 2550 15TH AVE
Party ID:	153423049-1		REGINA, Saskatchewan
Entity Type:	Business		S4P1A5
Name:	ANDJELIC LAND INC.		Canada

Debtor

* **Item #:**	1	**Address:**	700, 505 - 3RD STREET SW
Party ID:	153423050-1		CALGARY, Alberta
Entity Type:	Business		T2P3E6
Name:	ABBEY RESOURCES CORP.		Canada

General Property

All of the personal property and lands of the debtor within Saskatchewan.
All present and after-acquired personal property of every item, kind and description and all present and future proceeds thereof described as all present and after-acquired personal property of every item, kind and description.

Saskatchewan
Personal Property Registry
Search Result

Current - Similar

Registration Type:	Commercial Lien	**Registration #:**	302053927
Registration Date:	08-Jul-2020 16:23:20	**Expiry Date:**	07-Jul-2021

Event Type: Setup
Transaction Reason: Regular

Registrant

Party ID:	153103418-1	**Address:**	520 Park Street
Entity Type:	Business		Regina, Saskatchewan
Name:	Inland Kenworth (A Partnership) dba Custom Truck Sales		S4N0T6
			Canada

Secured Party

Item #:	1	**Address:**	520 Park Street
Party ID:	153103418-1		Regina, Saskatchewan
Entity Type:	Business		S4N0T6
Name:	Inland Kenworth (A Partnership) dba Custom Truck Sales		Canada

Debtor Party

* **Item #:**	1	**Address:**	135 WEAVER CRESCENT
Party ID:	153487109-1		SWIFT CURRENT, Saskatchewan
Entity Type:	Business		S9H4B8
Name:	ABBEY RESOURCES		Canada

Serial Property

Item #:	1	**Year:**	2002
Serial Type:	Motor Vehicle	**Make/Desc:**	KENWORTH T800
Serial #:	1NKDL49X02R965633	**Model:**	
Override:	No	**Color:**	

General Property

REPAIRS

End of Search Result

THIS IS EXHIBIT "**K**" referred to in the Affidavit of **JAMES GETTIS** SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 13th day of July, 2021.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta
Being a Solicitor

ABBEY RESOURCES CORP
Statement of Weekly Projected Cash Flow
For the period from July 18,2021 to October 16, 2021

Court No.:
Estate No.:

	Notes	week 1	week 2	week 3	week 4	week 5	week 6	week 7	week 8	week 9	week 10	week 11	week 12	week 13	Total
Week of		7/18/2021	7/25/2021	8/1/2021	8/8/2021	8/15/2021	8/22/2021	8/29/2021	9/5/2021	9/12/2021	9/19/2021	9/26/2021	10/3/2021	10/10/2021	Total
Opening Balance	1	$ 32,783	$ 26,668	$ 281,743	$ 183,251	$ 149,841	$ 133,726	$ 322,889	$ 113,679	$ 66,269	$ 49,269	$ 640,366	$ 215,321	$ 56,221	$ 32,783
Cash Inflows															
Operated Revenue (Less Marketing Fees)	2		1,001,340				985,584				985,584				2,972,508
Gas Buy Back (Prepaid Gas Volumes)	3		(35,939)				(37,137)				(37,137)				(110,213)
Royalties	4		(64,210)			(3,000)	(64,000)			(3,000)	(64,000)			(3,000)	-201,210
Shop and Yard Rental to third party	5		17,394					3,413				3,413			24,219
Total inflows		$ -	$ 918,585	$ -	$ -	$ (3,000)	$ 884,447	$ 3,413	$ -	$ (3,000)	$ 884,447	$ 3,413	$ -	$ (3,000)	$ 2,685,304
Cash outflows															
Transportation	6		87,150				87,150				87,150				261,450
Field Operators	7		60,000	60,000			60,000	60,000			60,000		60,000		360,000
Field Operating costs - COD payment	8		240,000	15,000			240,000		15,000			240,000	15,000		765,000
Field Operating costs - auto debit	9	115	7,000	402	1,000	7,115	7,000	402		8,000	115	7,402		8,000	46,550
Lease Rentals (Surface & Mineral) - new lease	10		27,338				27,825				35,975				91,138
Lease Rentals (Surface & Mineral) - existing lease	11		392				12,234				31,946				44,571
Insurance / Vehicle Lease	12			14,443				14,443				14,443			43,328
Contingency	13	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000
Total Field Operations & Related		$ 5,115	$ 426,879	$ 94,844	$ 6,000	$ 12,115	$ 439,209	$ 79,844	$ 20,000	$ 13,000	$ 220,186	$ 266,844	$ 80,000	$ 13,000	$ 1,677,038
Payroll (Field Staff)	14		26,410		26,410		26,410		26,410			26,410		26,410	158,461
Contract Fees (Calgary Staff)	15		45,165				45,165				45,165				135,495
Life Insurance and Health Benefits	16			2,647				2,647				2,647			7,942
Calgary Office Rent	17		2,000				2,000				2,000				6,000
Office Supplies, Postage, Bank Service Charge, etc.	18		55					55				55			165
Contingency	19	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000
Total Office & Related		$ 1,000	$ 74,630	$ 3,647	$ 27,410	$ 1,000	$ 74,575	$ 3,702	$ 27,410	$ 1,000	$ 48,165	$ 30,112	$ 1,000	$ 27,410	$ 321,063
Well Head Shelters	20						25,000				25,000				50,000
Disposal Well (Drill,Complete,Tie-in)	21							129,075					78,100		207,175
Total Other		$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 129,075	$ -	$ -	$ 25,000	$ -	$ 78,100	$ -	$ 257,175
Restructuring Costs (Trustee and Legal)	22		162,000				156,500					131,500			450,000
Total Other		$ -	$ 162,000	$ -	$ -	$ -	$ 156,500	$ -	$ -	$ -	$ -	$ 131,500	$ -	$ -	$ 450,000
Total outflows		$ 6,115	$ 663,510	$ 98,492	$ 33,410	$ 13,115	$ 695,284	$ 212,622	$ 47,410	$ 14,000	$ 293,351	$ 428,457	$ 159,100	$ 40,410	$ 2,705,275
Closing Balance		$ 26,668	$ 281,743	$ 183,251	$ 149,841	$ 133,726	$ 322,889	$ 113,679	$ 66,269	$ 49,269	$ 640,366	$ 215,321	$ 56,221	$ 12,811	$ 12,811

Purpose:

The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 10 (2)(a) of the Companies' Creditors Arrangement Act (the "CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes.
In addition, the Statement of Projected Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may vary from the estimates presented herein and these variances may be material.

Abbey Resources Corp

Per: Jim Gettis
President

MNP Ltd. in its capacity as Proposed Monitor under the Compnaies' Creditor Arrangement Act
for ____________________ and not in its personal capacity

Per: Victor P. Kroeger
Senior Vice President