INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

DXI ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

(Unaudited) *(thousands of Canadian dollars)*	Notes	**March 31, 2020**	December 31, 2019
		$	$
ASSETS			
Current			
Cash		**28**	193
Accounts receivable		**88**	131
Prepaids and deposits		**33**	36
Assets held for sale	3	**354**	323
Current Assets		**503**	683
Non-current			
Deposits		**303**	314
Property and equipment	4	**15**	1,070
Total Assets		**821**	2,067
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**1,908**	1,786
Loans from related parties	6	**428**	408
Lease liabilities	7	**4**	16
Liabilities directly associated with assets held for sale	3	**315**	304
Current Liabilities		**2,655**	2,514
Non-current			
Loans from related parties	6	**2,517**	2,443
Decommissioning liability	8	**4,093**	3,878
Total Liabilities		**9,265**	8,835
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	9	**109,448**	109,323
Contributed surplus		**13,090**	13,084
Deficit		**(134,530)**	(132,698)
Accumulated other comprehensive income		**3,548**	3,523
Total Shareholders' Equity (Deficit)		**(8,444)**	(6,768)
Total Liabilities and Shareholders' Equity (Deficit)		**821**	2,067

Going concern - Note 2(b)

Approved on behalf of the Board:

"signed"	*"signed"*
Ronnie Bozzer - Director	Robert Hodgkinson - Director

DXI ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

(Unaudited)		Three months ended March 31	
(thousands of Canadian dollars, except per share amounts)	Notes	**2020**	2019
		$	$
REVENUES			
Gross revenues		**283**	285
Royalties		**(25)**	(44)
Total Revenues, net of royalties	13	**258**	241
EXPENSES			
Operating and transportation		**375**	390
Amortization, depletion and impairment losses	5	**1,270**	94
General and administrative		**282**	296
Financing expenses		**148**	278
Stock based compensation		**6**	66
Foreign exchange loss		**10**	(9)
Total Expenses		**2,091**	1,115
Loss before income taxes and other items		**(1,833)**	(874)
Other income		**1**	2
Loss for the period		**(1,832)**	(872)
Other Comprehensive Income (Loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		**25**	(53)
Comprehensive loss		**(1,807)**	(925)
Loss per common share - basic and diluted		**(0.01)**	(0.01)
Weighted average common shares outstanding			
Basic		**252,699,473**	121,386,179
Diluted		**252,699,473**	121,386,179

DXI ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

(Unaudited) *(thousands of Canadian dollars, except number of shares)*	Number of Shares	Share Capital	Contributed Surplus	Deficit	AOCI(L)*	Total
		$	$	$	$	$
Balance as at January 1, 2020	248,512,751	109,323	13,084	(132,698)	3,523	(6,768)
Shares issued via debt conversion, net of issuance costs	4,430,136	125	-	-	-	125
Stock-based compensation	-	-	6	-	-	6
Loss	-	-	-	(1,832)	-	(1,832)
Foreign currency translation adjustment	-	-	-	-	25	25
Balance as at March 31, 2020	**252,942,887**	**109,448**	**13,090**	**(134,530)**	**3,548**	**(8,444)**
Balance as at January 1, 2019	103,606,088	101,715	13,934	(127,477)	3,645	(8,183)
Shares issued via private placements, net of issuance costs	33,052,334	1,958	-	-	-	1,958
Shares issued via debt conversion, net of issuance costs	12,999,998	780	-	-	-	780
Reversal of contributed surplus related to value of conversion feature on convertible debt	-	-	(105)	-	-	(105)
Stock-based compensation	-	-	66	-	-	66
Loss	-	-	-	(872)	-	(872)
Foreign currency translation adjustment	-	-	-	-	(53)	(53)
Balance as at March 31, 2019	**149,658,420**	**104,453**	**13,895**	**(128,349)**	**3,592**	**(6,409)**

* Accumulated other comprehensive income (loss)

DXI ENERGY INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

(Unaudited)		**Three months ended March 31**	
(thousands of Canadian dollars)	Notes	**2020**	2019
		$	$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss for the period		**(1,832)**	(872)
Adjustment for items not affecting cash:			
Amortization, depletion and impairment losses		**1,270**	94
Stock based compensation		**6**	66
Non-cash financing expenses		**148**	172
Cash flows used in operations		**(408)**	(540)
Changes in operating working capital	11	**246**	(256)
Total Cash Flows used in Operating Activities		**(162)**	(796)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Deposits		**11**	(1)
E&E expenditures		**-**	(2)
Additions to property and equipment	4	**(7)**	(1,252)
Changes in investing working capital	11	**4**	221
Total Cash Flows from (used in) Investing Activities		**8**	(1,034)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Convertible debt, net of financing costs		**-**	254
Shares issued for cash, net of share issue costs		**(8)**	1,958
Principal payments on lease liabilities		**(12)**	(26)
Changes in financing working capital	11	**9**	12
Total Cash Flows from (used in) Financing Activities		**(11)**	2,198
CHANGE IN CASH		**(165)**	368
CASH, BEGINNING OF PERIOD		**193**	26
CASH, END OF PERIOD		**28**	394

Supplemental cash flow information - Note 11

NOTE 1 – CORPORATE INFORMATION

DXI Energy Inc. (the "Company") is a public company trading on the Toronto Stock Exchange ("TSX") under the symbol "DXI" in Canada. The Company is in the business of exploring and developing energy properties with a focus on oil and gas in North America. The address of its registered office is 523 – 999 Canada Place, Vancouver, British Columbia.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Dejour Energy (USA) Corp. ("Dejour USA"), incorporated in Nevada, Dejour Energy (Alberta) Ltd. ("DEAL"), incorporated in Alberta, and 0855524 B.C. Ltd., incorporated in British Columbia. All intercompany transactions are eliminated upon consolidation.

The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. These consolidated financial statements were authorized and approved for issuance by the Audit Committee on June 24, 2020.

NOTE 2 – BASIS OF PRESENTATION

(a) Basis of presentation

The interim condensed consolidated financial statements for the three months ended March 31, 2020 and 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim results do not include all the information required for the full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2019. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2019.

(b) Going concern

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a loss of $1,832,000 during the three months ended March 31, 2020 and as of that date has a working capital deficiency of $2.2 million and an accumulated deficit of $134.5 million.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations and sourcing additional equity and debt capital from financiers, other than the present non-arm's length lenders to the Company, to provide the Company with sufficient capital to meet capital expenditure commitments and continue exploration and development activities. The present non-arm's length lenders to the Company have informed the Company they will not provide any significant additional capital to the Company. There is no assurance that future financing and exploration and development activities will be successful. These material uncertainties cast substantial doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate.

NOTE 3 – ASSETS HELD FOR SALE

On December 31, 2019, the Company terminated operations in the Piceance Basin in the State of Colorado and formally listed its remaining oil and gas properties in the Basin for sale with an accredited agent in the USA. The Company has no plans to further develop its existing petroleum and natural gas properties in Colorado or explore for new opportunities in the Piceance Basin.

As a result, an impairment test was conducted at December 31, 2019 and the Piceance Basin assets were written down by $2,124,000 to their estimated fair value less transaction costs of $268,000 (US$207,000). The recoverable amount was determined using the fair value less costs to sell methodology which is classified as Level 3 fair value measurements under IFRS.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 3 – ASSETS HELD FOR SALE (continued)

As at March 31, 2020, the Company continued the progress of selling these properties. The major classes of assets and liabilities classified as held for sale as at March 31, 2020 are as follows:

	$
Accounts receivable	60
Property and equipment	294
Assets held for sale	354
Accounts payable and accrued liabilities	163
Decommissioning liability	152
Liabilities directly associated with assets held for sale	315

NOTE 4 – PROPERTY AND EQUIPMENT

	Canadian Oil and Gas Properties	United States Oil and Gas Properties	Corporate and Other Assets	Total
	$	$	$	$
Cost:				
Balance at January 1, 2019	34,673	16,224	159	51,056
Additions	1,419	50	-	1,470
Increase in right-of-use asset (note 8)	-	-	97	97
Change in decommissioning provision	146	9	-	155
Disposals	-	-	(8)	(8)
Reclassified to assets held for sale		(15,505)		(15,505)
Foreign currency translation and other	-	(778)	-	(778)
Balance at December 31, 2019	36,238	-	248	36,486
Additions	7	-	-	7
Change in decommissioning provision	200	-	-	200
Balance at March 31, 2020	**36,445**	**-**	**248**	**36,693**

	Canadian Oil and Gas Properties	United States Oil and Gas Properties	Corporate and Other Assets	Total
	$	$	$	$
Accumulated amortization, depletion and impairment losses:				
Balance at January 1, 2019	(34,574)	(13,655)	(146)	(48,375)
Amortization and depletion	(459)	(114)	(84)	(657)
Impairment losses	(160)	-	-	(160)
Disposals	-	-	7	7
Reclassified to assets held for sale	-	13,113	-	13,113
Foreign currency translation and other	-	656	-	656
Balance at December 31, 2019	(35,193)	-	(223)	(35,416)
Amortization and depletion (note 5)	(56)	-	(12)	(68)
Impairment losses (note 5)	(1,194)	-	-	(1,194)
Balance at March 31, 2020	**(36,443)**	**-**	**(235)**	**(36,678)**

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 4 – PROPERTY AND EQUIPMENT (continued)

	Canadian Oil and Gas Properties	United States Oil and Gas Properties	Corporate and Other Assets	Total
	$	$	$	$
Carrying amounts:				
At December 31, 2019	1,045	-	25	1,070
At March 31, 2020	**2**	**-**	**13**	**15**

The Company determined that there were indicators of impairment for its Canadian oil and gas interests or no indicators of impairment reversal for its Canadian oil and gas interests at March 31, 2020.

NOTE 5 – AMORTIZATION, DEPLETION AND IMPAIRMENT LOSSES

	Three months ended March 31	
	2020	2019
	$	$
Exploration and Evaluation Assets (E & E assets)		
Impairment losses	**8**	18
Property and Equipment (D & P assets)		
Amortization and depletion (Note 4)	**68**	76
Impairment losses	**1,194**	-
	1,270	94

NOTE 6 – LOANS FROM RELATED PARTIES

(a) Loan from Hodgkinson Equities Corporation ("HEC")

On June 5, 2017, the Company entered into an amended loan agreement with Hodgkinson Equities Corporation ("HEC") for the loan amount of $4,500,000 whereby the parties agreed to (a) extend the due date from November 30, 2018 to June 5, 2022; (b) reduce the interest rate to Canadian prime rate plus 1% per annum; (c) provide the right to convert the entire outstanding amount into 58,441,558 common shares of the Company at a price of $0.077 per share; and (d) secure the loan by all assets of Dejour USA and issue a first mortgage in favour of HEC on DEAL's oil and gas properties. The first mortgage security so issued ranked "pari passu" with HVI's first mortgage security interest (note 6(b)).

On April 29, 2019, the Company entered into an amending agreement with HEC to convert $2,500,000 into 41,666,666 common shares of the Company at a price of $0.06 per share. The agreement was approved by the "disinterested" or minority shareholders at the Company's "Annual General and Special Meeting of Shareholders" on April 29, 2019. On May 6, 2019, 41,666,666 common shares of the Company were issued to HEC and 1,373,116 common shares of the Company were issued in settlement of accrued interest. The principal loan amount owing at March 31, 2020 is $2,000,000.

As at March 31, 2020, the carrying value of the loan liability is as follows:

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 6 – LOANS FROM RELATED PARTIES (continued)

	$
Balance at December 31, 2018	2,837
Accretion expense	229
Reversal of conversion feature on repayment	860
Repayment via share issuance	(2,500)
Balance at December 31, 2019	1,426
Accretion expense	47
Balance at March 31, 2020	1,473
Current portion	(214)
Non-current portion	**1,259**

Other terms of the loan are:

- the Company may repay the loan at any time without penalty;
- the Company, through DEAL, must receive HEC's approval to further encumber DEAL's Canadian oil and gas properties; and
- In the event of default, all the indebtedness secured by the promissory note becomes due and payable and the interest rate is immediately increased to Canadian prime rate plus 4.5% per annum.

(b) Loan from Hodgkinson Ventures Inc. ("HVI")

On June 5, 2017, the Company entered into an amended loan agreement with Hodgkinson Ventures Inc. ("HVI") for the loan amount of $2,000,000 whereby the parties agreed to (a) extend the due date from November 30, 2018 to June 5, 2022; (b) reduce the interest rate to Canadian prime rate plus 1% per annum; (c) provide the right to convert the entire outstanding amount into 25,974,025 common shares of the Company at a price of $0.077 per share; and issued a first mortgage in favour of HVI on DEAL's oil and gas properties. The first mortgage security so issued ranked "pari passu" with HEC's first mortgage security interest (note 6(a)).

As at March 31, 2020, the carrying value of the loan liability is as follows:

	$
Balance at December 31, 2018	1,258
Accretion expense	167
Balance at December 31, 2019	1,425
Accretion expense	47
Balance at March 31, 2020	1,472
Current portion	(214)
Non-current portion	**1,258**

Other terms of the loan are:

- the Company may repay the loan at any time without penalty;
- the Company, through DEAL, must receive HVI's approval to further encumber DEAL's Canadian oil and gas properties; and
- In the event of default, all the indebtedness secured by the promissory note becomes due and payable and the interest rate is immediately increased to Canadian prime rate plus 4.5% per annum.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 7 – LEASE LIABILITIES

	$
Balance at January 1, 2019	
Initial recognition	97
Interest expense	5
Lease payments	(86)
Balance at December 31, 2019	16
Lease payments	(12)
Balance at March 31, 2020	4
Current portion	(4)
Non-current portion at March 31, 2020	**-**

The Company has lease liabilities for contracts related to the office space for its offices in Vancouver and Calgary. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

NOTE 8 – DECOMMISSIONING LIABILITY

	Canadian Oil and Gas Properties (1)	United States Oil and Gas Properties	Total
	$	$	$
Balance at January 1, 2019	**3,664**	**144**	**3,808**
Additions	40	-	40
Change in estimated future cash flows	118	9	127
Actual costs incurred and other	-	(3)	(3)
Unwinding of discount	56	2	58
Reclassified as liability directly associated with assets held for sale (note 3)	-	(152)	(152)
Balance at December 31, 2019	**3,878**	**-**	**3,878**
Change in estimated future cash flows	208	-	208
Unwinding of discount	7	-	7
Balance at March 31, 2020	**4,093**	**-**	**4,093**

(1) relates to property and equipment (note 4)

The present value of the decommissioning liability was calculated using the following weighted average inputs:

	Canadian Oil and Gas Properties	United States Oil and Gas Properties
As at March 31, 2020:		
Discount rate	**0.80%**	**-**
Inflation rate	**2.00%**	**-**
As at December 31, 2019:		
Discount rate	1.62%	1.67%
Inflation rate	2.00%	2.00%

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 9 – SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common voting shares, an unlimited number of first preferred shares issuable in series, and an unlimited number of second preferred shares issuable in series. No preferred shares have been issued and the terms of preferred shares have not been defined.

In January 2020, the Company issued 4,430,136 common shares for the settlement of accrued interest of $133,000.

NOTE 10 – STOCK OPTIONS AND SHARE PURCHASE WARRANTS

(a) Stock Options

The Stock Option Plan (the “Plan”) is a 10% “rolling” plan pursuant to which the number of common shares reserved for issuance is 10% of the Company’s issued and outstanding common shares as constituted on the date of any grant of options.

The Plan provides for the grant of options to purchase common shares to eligible directors, senior officers, employees and consultants of the Company (“Participants”). The exercise periods and vesting periods of options granted under the Plan are to be determined by the Company with approval from the Board of Directors. The expiration of any option will be accelerated if the participant’s employment or other relationship with the Company terminates. The exercise price of an option is to be set by the Company at the time of grant but shall not be lower than the market price (as defined in the Plan) at the time of grant.

The following table summarizes information about outstanding stock option transactions:

	Number of options	Weighted average exercise price
		$
Balance at January 1, 2019	4,850,000	0.13
Options granted	3,500,000	0.06
Options cancelled	(800,000)	0.13
Balance at December 31, 2019 and March 31, 2020	**7,550,000**	**0.10**

Details of the stock options as at March 31, 2020 are as follows:

	Outstanding			Exercisable		
		Weighted average			Weighted average	
	Number of options	exercise price	contractual life (years)	Number of options	exercise price	contractual life (years)
		$			$	
$0.06	3,500,000	0.06	3.85	3,500,000	0.06	3.85
$0.09	1,450,000	0.09	0.75	1,450,000	0.09	0.75
$0.16	2,600,000	0.16	1.18	2,600,000	0.16	1.18
	7,550,000	0.10	2.30	7,550,000	0.10	2.30

No stock options were issued during the three months ended March 31, 2020. The fair value of the options issued during the three months ended March 31, 2019 was estimated using the Black Scholes option pricing model with the following weighted average inputs:

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 10 – STOCK OPTIONS AND SHARE PURCHASE WARRANTS (continued)

For the three months ended March 31	2019
Fair value at grant date	$ 0.06
Expected volatility	108.49%
Expected option life	2.16 years
Dividends	0.0%
Risk-free interest rate	1.82%
Estimated forfeiture rate	4.10%

Expected volatility is based on historical volatility and average weekly stock prices were used to calculate volatility. Management believes that the annualized weekly average of volatility is the best measure of expected volatility.

(b) Share Purchase Warrants

The following table summarizes information about warrant transactions:

	Number of Warrants	Weighted average Exercise price
		$
Balance at December 31, 2018	**-**	**-**
Warrants granted	31,994,400	0.04
Balance at December 31, 2019 and March 31, 2020	**31,994,400**	**0.04**

Details of the outstanding and exercisable warrants as at March 31, 2020 are as follows:

	Outstanding			Exercisable		
		Weighted average			Weighted average	
	Number of warrants	exercise price	contractual life (years)	Number of warrants	exercise price	contractual life (years)
		$			$	
$0.04	31,994,400	0.04	0.67	31,994,400	0.04	0.67
	31,994,400	0.04	0.67	31,994,400	0.04	0.67

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 11 – SUPPLEMENTAL INFORMATION

Changes in working capital consisted of the following:

	Three months ended March 31	
	2020	2019
	$	$
Changes in working capital:		
Accounts receivable	**37**	(56)
Prepaids and deposits	**3**	(7)
Accounts payable and accrued liabilities	**219**	40
	259	(23)
Comprised of:		
Operating activities	**246**	(256)
Investing activities	**4**	221
Financing activities	**9**	12
	259	(23)
Other cash flow information:		
Cash paid for interest	**-**	-

NOTE 12 – RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2020 and 2019 and in addition to the loans from related parties (note 6), the Company entered into the following transactions with related parties:

(a) Compensation awarded to key management included a total of salaries and director fees of $87,000 (2019 - $57,000) and non-cash stock-based compensation of $6,000 (2019 - $66,000). Key management includes the Company's officers and directors. The salaries and director fees are included in general and administrative expenses. Included in accounts payable and accrued liabilities at March 31, 2020 is $331,000 (December 31, 2019 - $268,000) owing to the officers and directors of the Company.

(b) Interest expenses of $133,000 (2019 - $Nil) related to the loans from related parties were paid via issuance of the Company's 4,430,136 common shares to the companies controlled by or associated with a director of the Company.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 13 – OPERATING SEGMENTS

Segment information is provided on the basis of geographic segments as the Company manages its business through two geographic regions – Canada and the United States. The two geographic segments presented reflect the way in which the Company's management reviews business performance. The Company's revenue and losses of each geographic segment are as follows:

	Canada		United States		Total	
	2020	2019	**2020**	2019	**2020**	2019
	$	$	**$**	$	**$**	$
Three months ended March 31						
Revenues, net of royalties	**192**	158	**66**	83	**258**	241
Segmented loss	**(1,821)**	(775)	**(11)**	(97)	**(1,832)**	(872)
Amortization, depletion and impairment losses	**1,270**	63	**-**	31	**1,270**	94
Interest expense	**141**	235	**-**	-	**141**	235
Capital expenditures	**7**	1,254	**-**	-	**7**	1,254

NOTE 14 – SEASONALITY OF OPERATIONS

There are factors causing quarterly variances that may not be reflective of the Company's future performance. These include, but are not limited to weather conditions, oil and gas production, drilling activities which are affected by oil and natural gas commodity prices, global economic environment, as well as unexpected production curtailment caused by activities such as plant shutdown work. As the Company has operations in the United States, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the expenses of its operations in the United States to Canadian dollars. As a result, quarterly operating results should not be relied upon as any indication of results for any future period.

NOTE 15 – SUBSEQUENT EVENT

Subsequent to March 31, 2020, all the issued and outstanding shares of the Company's wholly owned subsidiary, DEAL, were sold to a privately held Calgary-based E&P company for an undisclosed price inclusive of the assumption of all current and accruing liabilities of DEAL. In addition, the secured holders of the senior debt of the Company fully released and discharged the first mortgage on all the assets and share capital of DEAL.