Condensed Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income

(Unaudited - Expressed in thousands of U.S. Dollars, except per share amounts)

	Notes	Three Months Ended September 30 2020	Three Months Ended September 30 2019	Nine Months Ended September 30 2020	Nine Months Ended September 30 2019
REVENUE					
Petroleum and natural gas sales, net of royalties	18	**16,740**	31,200	**81,366**	111,623
Finance revenue		**9**	85	**101**	401
Other revenue	5	**106**	-	**328**	-
		16,855	31,285	**81,795**	112,024
EXPENSES					
Production and operating	8,18	**11,473**	11,564	**45,136**	35,507
Selling costs		**54**	76	**1,103**	649
General and administrative		**2,542**	4,102	**8,397**	12,743
Foreign exchange (gain) loss		**(65)**	(67)	**100**	(122)
Finance costs	6	**552**	1,030	**1,956**	3,311
Depletion, depreciation and amortization	8,10	**5,493**	8,173	**23,402**	26,184
Asset retirement obligation accretion	11	**66**	51	**194**	156
(Gain) loss on financial instruments	4	**(395)**	(2,504)	**(7,568)**	1,426
Impairment loss	9,10	**-**	(409)	**73,495**	7,982
Gain on disposition of assets		**-**	(114)	**-**	(114)
		19,720	21,902	**146,215**	87,722
(Loss) earnings before income taxes		**(2,865)**	9,383	**(64,420)**	24,302
Income tax expense - current		**3,092**	6,416	**10,122**	20,095
NET (LOSS) EARNINGS		**(5,957)**	2,967	**(74,542)**	4,207
OTHER COMPREHENSIVE INCOME (LOSS)					
Currency translation adjustments		**1,188**	(410)	**(1,371)**	1,250
COMPREHENSIVE (LOSS) INCOME		**(4,769)**	2,557	**(75,913)**	5,457
Net (loss) earnings per share	17				
Basic		**(0.08)**	0.04	**(1.03)**	0.06
Diluted		**(0.08)**	0.04	**(1.03)**	0.06

See accompanying notes to the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Balance Sheets

(Unaudited - Expressed in thousands of U.S. Dollars)

	Notes	As at September 30, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents	7	**27,065**	33,251
Accounts receivable	4	**11,869**	10,681
Derivative commodity contracts	4	**543**	-
Prepaids and other		**3,247**	4,338
Product inventory	8	**12,415**	17,516
		55,139	65,786
Non-Current			
Intangible exploration and evaluation assets	9	**584**	33,706
Property and equipment			
Petroleum and natural gas assets	10	**142,535**	196,150
Other	10	**3,100**	4,296
Deferred taxes		**4,225**	8,387
		205,583	308,325
LIABILITIES			
Current			
Accounts payable and accrued liabilities	14	**21,030**	32,156
Derivative commodity contracts	4	**-**	217
Current portion of lease obligations	12	**1,606**	1,219
Current portion of long-term debt	13	**19,795**	-
		42,431	33,592
Non-Current			
Long-term debt	13	**6,151**	37,041
Asset retirement obligations	11	**12,833**	13,612
Other long-term liabilities		**161**	614
Lease obligations	12	**865**	589
Deferred taxes		**4,225**	8,387
		66,666	93,835
SHAREHOLDERS' EQUITY			
Share capital	15	**152,805**	152,805
Accumulated other comprehensive (loss) income		**(237)**	1,134
Contributed surplus		**25,013**	24,673
(Deficit) Retained earnings		**(38,664)**	35,878
		138,917	214,490
		205,583	308,325

Commitments and Contingencies (Note 14)

See accompanying notes to the Condensed Consolidated Interim Financial Statements

Approved on behalf of the Board:

Signed by:

"Randy C. Neely"

Randy C. Neely
President & CEO
Director

"Steven Sinclair"

Steven Sinclair
Audit Committee Chair
Director

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in thousands of U.S. Dollars)

	Notes	Nine Months Ended September 30 2020	2019
Share Capital			
Balance, beginning of period	15	**152,805**	152,084
Stock options exercised	15	**-**	547
Transfer from contributed surplus on exercise of options	15	**-**	174
Balance, end of period		**152,805**	152,805
Accumulated Other Comprehensive (Loss) Income			
Balance, beginning of period		**1,134**	(939)
Currency translation adjustment		**(1,371)**	1,250
Balance, end of period		**(237)**	311
Contributed Surplus			
Balance, beginning of period		**24,673**	24,195
Share-based compensation expense	16	**340**	494
Transfer to share capital on exercise of options	15	**-**	(174)
Balance, end of period		**25,013**	24,515
(Deficit) Retained Earnings			
Balance, beginning of period		**35,878**	44,951
Net (loss) earnings		**(74,542)**	4,207
Dividends		**-**	(5,078)
Balance, end of period		**(38,664)**	44,080

See accompanying notes to the Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in thousands of US Dollars)

	Notes	Three Months Ended September 30 2020	Three Months Ended September 30 2019	Nine Months Ended September 30 2020	Nine Months Ended September 30 2019
OPERATING					
Net (loss) earnings		**(5,957)**	2,967	**(74,542)**	4,207
Adjustments for:					
Depletion, depreciation and amortization	8,10	**5,493**	8,173	**23,402**	26,184
Asset retirement obligation accretion	11	**66**	51	**194**	156
Impairment loss	9,10	**-**	(409)	**73,495**	7,982
Share-based compensation	16	**(72)**	406	**(489)**	1,749
Finance costs	6	**552**	1,030	**1,956**	3,311
Unrealized loss (gain) on financial instruments	4	**267**	(2,616)	**(761)**	385
Unrealized (gain) loss on foreign currency translation		**(26)**	(49)	**6**	(119)
Gain on asset disposition		**-**	(114)	**-**	(114)
Asset retirement obligations settled	11	**-**	(10)	**(20)**	(41)
Changes in non-cash working capital	19	**(3,672)**	2,613	**(5,712)**	(22,604)
Net cash (used in) generated by operating activities		**(3,349)**	12,042	**17,529**	21,096
INVESTING					
Additions to intangible exploration and evaluation assets	9	**-**	(56)	**(337)**	(844)
Additions to petroleum and natural gas assets	10	**(399)**	(9,197)	**(6,721)**	(24,621)
Additions to other assets	10	**(38)**	(39)	**(185)**	(471)
Proceeds from asset dispositions		**-**	114	**-**	114
Changes in non-cash working capital	19	**(1,883)**	(2,177)	**(2,545)**	(2,478)
Net cash used in investing activities		**(2,320)**	(11,355)	**(9,788)**	(28,300)
FINANCING					
Issue of common shares for cash		**-**	-	**-**	547
Interest paid	6	**(396)**	(893)	**(1,526)**	(2,874)
Increase in long-term debt	13	**114**	114	**282**	370
Payments on lease obligations	12	**(366)**	(540)	**(1,141)**	(1,430)
Repayments of long-term debt	13	**(1,504)**	(6,523)	**(11,504)**	(11,523)
Dividends paid		**-**	(2,539)	**-**	(5,078)
Changes in non-cash working capital	19	**-**	-	**-**	(200)
Net cash used in financing activities		**(2,152)**	(10,381)	**(13,889)**	(20,188)
Currency translation differences relating to cash and cash equivalents		**49**	13	**(38)**	131
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7,772)**	(9,681)	**(6,186)**	(27,261)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**34,837**	34,125	**33,251**	51,705
CASH AND CASH EQUIVALENTS, END OF PERIOD		**27,065**	24,444	**27,065**	24,444

See accompanying notes to the Condensed Consolidated Interim Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at September 30, 2020 and December 31, 2019 and for the three and nine month periods ended September 30, 2020 and 2019

(Unaudited - All amounts expressed in U.S. Dollars, except as otherwise noted)

1. CORPORATE INFORMATION

TransGlobe Energy Corporation ("TransGlobe" or the "Company") and its subsidiaries are engaged in oil and natural gas exploration, development and production, and the acquisition of oil and natural gas properties. The Company's shares are traded on the Toronto Stock Exchange ("TSX"), the London Stock Exchange's Alternative Investment Market ("AIM") and the Global Select Market of the NASDAQ Stock Market ("NASDAQ"). TransGlobe is incorporated in Alberta, Canada and the address of its principal place of business is 2300, 250 – 5th Street SW, Calgary, Alberta, Canada, T2P 0R4.

2. BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these Condensed Consolidated Interim Financial Statements were the same as those used in the preparation of the most recent audited Consolidated Financial Statements for the year ended December 31, 2019.

These Condensed Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on November 13, 2020.

The Condensed Consolidated Interim Financial Statements are presented and expressed in United States dollars ("US$"), unless otherwise noted. All references to $ are to United States dollars and references to C$ are to Canadian dollars.

These Condensed Consolidated Interim Financial Statements do not contain all the disclosures required for full annual financial statements and should be read in conjunction with the December 31, 2019 audited Consolidated Financial Statements.

3. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Timely preparation of financial statements in conformity with IFRS as issued by the International Accounting Standards Board requires that management make estimates and assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the Condensed Consolidated Interim Financial Statements. Accordingly, actual results may differ from estimated amounts as future events occur.

The COVID-19 pandemic and continued low commodity price environment resulting from decreased demand and oversupply to the market could negatively affect the Company's operating results in 2020. The results of the economic downturn and any potential resulting impact to the Company have been considered in management's estimates at the period end; however, there could be a further prospective material impact in future periods.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values of financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, derivative commodity contracts, accounts payable and accrued liabilities, and long-term debt.

The Company has classified its cash and cash equivalents and derivative commodity contracts as fair value through profit or loss. Both are measured at fair value with subsequent changes recognized through earnings (loss). Accounts receivable are classified as assets at amortized cost; accounts payable and accrued liabilities and long-term debt are classified as liabilities at amortized cost, all of which are measured initially at fair value, and subsequently at amortized cost. Transaction costs attributable to financial instruments carried at amortized cost are included in the initial measurement of the financial instrument and are subsequently amortized using the effective interest rate method.

Carrying value and fair value of financial assets and liabilities are summarized as follows:

	As at September 30, 2020		As at December 31, 2019	
Classification ($000s)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial assets at fair value through profit or loss	**27,608**	**27,608**	33,251	33,251
Financial assets at amortized cost	**11,869**	**11,869**	10,681	10,681
Financial liabilities at fair value through profit or loss	**-**	**-**	217	217
Financial liabilities at amortized cost	**46,976**	**47,181**	69,197	69,695

Assets and liabilities as at September 30, 2020 that are measured at fair value are classified into levels reflecting the method used to make the measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The Company's cash and cash equivalents and derivative commodity contracts are assessed on the fair value hierarchy described above. TransGlobe's cash and cash equivalents are classified as Level 1. Derivative commodity contracts are classified as Level 2. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. There were no transfers between levels in the fair value hierarchy in the period.

Derivative commodity contracts

The nature of TransGlobe's operations exposes it to fluctuations in commodity prices, interest rates and foreign currency exchange rates. TransGlobe monitors and, when appropriate, uses derivative financial instruments to manage its exposure to these fluctuations. All transactions of this nature entered into by TransGlobe are related to an underlying financial position or to future crude oil and natural gas production. TransGlobe does not use derivative financial instruments for speculative purposes. TransGlobe has elected not to designate any of its derivative financial instruments as accounting hedges and thus accounts for changes in fair value in net earnings (loss) at each reporting period. TransGlobe has not obtained collateral or other security to support its financial derivatives as management reviews the creditworthiness of its counterparties prior to entering into derivative contracts. The derivative financial instruments are initiated within the guidelines of the Company's corporate hedging policy. This includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

In conjunction with the prepayment agreement (see Note 13), TransGlobe entered into a marketing contract with Mercuria Energy Trading SA ("Mercuria") to market nine million barrels of TransGlobe's Egyptian entitlement oil production. The pricing of the crude oil sales will be based on market prices at the time of sale.

The following table summarizes TransGlobe's outstanding derivative commodity contract positions as at September 30, 2020, the fair values of which have been presented on the Condensed Consolidated Interim Balance Sheet:

Financial Brent crude oil contracts

Period Hedged	Contract	Remaining Volume (bbl)	Monthly Volume (bbl)	Bought Put US$/bbl	Sold Call US$/bbl	Sold Put US$/bbl
Oct 2020 - Dec 2020	3-Way Collar	150,000	50,000	54.00	70.00	45.00
Oct 2020 - Dec 2020	Collar	300,000	100,000	30.00	40.70	N/A

Subsequent to the quarter, the Company entered into the following derivative commodity contract position with ATB Financial ("ATB"):

Financial AECO natural gas contracts

Period Hedged	Contract	Remaining Volume (GJ)	Daily Volume (GJ)	Swap C$/GJ
Jan 2021 - Dec 2021	Swap	1,387,000	3,800	2.76

The gains and losses on financial instruments for the three and nine months ended September 30, 2020 and 2019 are comprised as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2020**	2019	**2020**	2019
Realized derivative (gain) loss during the period	**(662)**	112	**(6,807)**	1,041
Unrealized derivative loss (gain) on commodity contracts outstanding at period end	**267**	(2,616)	**(761)**	385
(Gain) loss on financial instruments	**(395)**	(2,504)	**(7,568)**	1,426

Overview of Risk Management

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

- Credit risk
- Market risk
- Liquidity risk

The Board of Directors and Audit Committee oversee management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to fulfill their contractual obligations. The Company's exposure to credit risk primarily relates to cash equivalents and accounts receivable, the majority of which are in respect of oil and natural gas operations. The Company generally extends unsecured credit to these parties and therefore the collection of these amounts may be affected by changes in economic or other conditions. The Company has not experienced any material credit losses in its cash investments or in the collection of accounts receivable to date.

TransGlobe's accounts receivable related to the Canadian operations are with customers and joint interest partners in the petroleum and natural gas industry, and are subject to normal industry credit risks. Receivables from petroleum and natural gas marketers are normally collected in due course. The Company currently sells its production to several purchasers under standard industry sale and payment terms. Purchasers of TransGlobe's natural gas, crude oil and natural gas liquids are subject to a periodic internal credit review to minimize the risk of non-payment. The Company has continued to closely monitor and reassess the creditworthiness of its counterparties, including financial institutions.

Trade and other receivables are analyzed in the table below.

($000s)	**September 30, 2020**	December 31, 2019
Neither impaired nor past due	**5,515**	3,636
Not impaired and past due in the following period:		
Within 30 days	**3,946**	226
31-60 days	**1,219**	131
61-90 days	**503**	5,672
Over 90 days	**686**	1,016
Accounts receivable	**11,869**	10,681

The Company did not sell any crude oil to third-party buyers during the three months ended September 30, 2020. Depending on the Company's assessment of the credit of crude purchasers, they may be required to post irrevocable letters of credit to support the sales prior to the cargo liftings. During the third quarter of 2020 the Company sold 259.2 Mbbls of inventoried entitlement crude oil to EGPC for net proceeds of $10.2 million. As at September 30, 2020, $8.0 million (December 31, 2019 - $5.7 million) of the total accounts receivable balance of $11.9 million (December 31, 2019 - $10.7 million) is due from EGPC. All accounts receivable are in good standing and collection is not considered to be at risk.

The Company manages its credit risk on cash equivalents by investing only in term deposits with reputable banking institutions.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and the associated impact on future performance of the business. The market price movements that the Company is exposed to include commodity prices, foreign currency exchange rates and interest rates, all of which could adversely affect the value of the Company's financial assets, liabilities and financial results.

Commodity price risk

The Company's operational results and financial condition are partially dependent on the commodity prices received for its production of oil, natural gas and NGLs. The Company is exposed to commodity price risk on its derivative assets and liabilities which are used as part of the Company's risk management program to mitigate the effects of changes in commodity prices on future cash flows. While transactions of this nature relate to forecasted future petroleum and natural gas production, TransGlobe does not designate these derivative assets and liabilities as accounting hedges. As such, changes in commodity prices impact the fair value of derivative instruments and the corresponding gains or losses on derivative instruments. The estimated fair value of unrealized commodity contracts is reported on the Consolidated Interim Balance Sheets, with any change in the unrealized positions recorded to net earnings (loss). The Company assesses these instruments on the fair value hierarchy and has classified the determination of fair value of these instruments as Level 2, as the fair values of these transactions are based on an approximation of the amounts that would have been received from counterparties to settle the transactions outstanding as at the date of the Consolidated Interim Balance Sheets with reference to forward prices and market values provided by independent sources. The actual amounts realized may differ from these estimates.

Foreign currency exchange risk

As the Company's business is conducted primarily in U.S. dollars and its financial instruments are primarily denominated in U.S. dollars, the Company's exposure to foreign currency exchange risk relates primarily to certain cash and cash equivalents, accounts receivable, long-term debt, lease obligations and accounts payable and accrued liabilities denominated in Canadian dollars. When assessing the potential impact of foreign currency exchange risk, the Company believes that 10% volatility is a reasonable measure. The Company estimates that a 10% increase in the value of the Canadian dollar against the U.S. dollar would increase net loss for the three months ended September 30, 2020 by approximately $0.9 million and conversely, a 10% decrease in the value of the Canadian dollar against the U.S. dollar would decrease net loss by $0.7 million for the same period. The Company does not utilize derivative instruments to manage this risk.

The Company is also exposed to foreign currency exchange risk on cash balances denominated in Egyptian pounds and British Pounds sterling. Some collections of accounts receivable from the Egyptian Government are received in Egyptian pounds, and while the Company is generally able to spend the Egyptian pounds received on accounts payable denominated in Egyptian pounds, there remains foreign currency exchange risk exposure on Egyptian pound cash balances. Using month-end cash balances converted at month-end foreign exchange rates, the average Egyptian pound cash balance at September 30, 2020 was $1.6 million in equivalent U.S. dollars. The Company estimates that a 10% increase in the value of the Egyptian pound against the U.S. dollar would increase net loss for the three months ended September 30, 2020 by approximately $0.2 million and conversely a 10% decrease in the value of the Egyptian pound against the U.S. dollar would decrease net loss by $0.2 million for the same period. The Company does not currently utilize derivative instruments to manage foreign currency exchange risk.

The Company maintains nominal balances of British Pounds sterling to pay in-country costs incurred in operating its London office. Foreign exchange risk on these funds is not considered material.

Interest rate risk

Fluctuations in interest rates could result in a significant change in the amount the Company pays to service variable interest debt. No derivative contracts were entered into during Q3-2020 to mitigate interest rate risk. When assessing interest rate risk applicable to the Company's variable interest debt, the Company believes 1% volatility is a reasonable measure. The effect of interest rates increasing by 1% would increase the Company's net loss, for the three months ended September 30, 2020, by $0.1 million and conversely, the effect of interest rates decreasing by 1% would decrease the Company's net loss, for the same period, by $0.1 million.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry require sufficient cash in order to fund capital programs necessary to maintain and increase production and proved reserves, to acquire strategic oil and gas assets and to repay debt. While the decrease in commodity prices as a result of the COVID-19 pandemic will negatively impact TransGlobe's financial performance and position, the Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost. The following are the contractual maturities of financial liabilities at September 30, 2020:

			Payment Due by Period[1,2]			
($000s)	Recognized in Financial Statements	Contractual Cash Flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts payable and accrued liabilities	Yes-Liability	21,030	21,030	-	-	-
Long-term debt[3]	Yes-Liability	26,356	20,000	6,356	-	-
Lease obligations	Yes-Liability	2,471	1,606	865	-	-
Drilling commitment	No	1,000	-	1,000	-	-
Other long-term liabilities	Yes-Liability	161	-	161	-	-
Equipment and facility leases (short-term)[4]	No	21	21	-	-	-
Total		**51,039**	**42,657**	**8,382**	**-**	**-**

1 Payments exclude ongoing operating costs and finance costs.
2 Payments denominated in foreign currencies have been translated at September 30, 2020 exchange rates.
3 Excludes deferred financing costs of $0.2 million.
4 Equipment leases include one facility contract.

As at September 30, 2020, the Company had $86.0 million of revolving credit facilities with $26.2 million drawn and $59.8 million available. The Company has a prepayment agreement with Mercuria that allows for a revolving balance of up to $75.0 million, of which $20.0 million was drawn and outstanding as at September 30, 2020. During the nine months ended September 30, 2020, the Company repaid $10.0 million on this prepayment facility (See Note 13). The Company also has a revolving Canadian reserves-based lending facility with ATB that was renewed and reduced as at June 30, 2020 from C$25.0 million ($18.4 million) to C$15.0 million ($11.0 million). The reduction in the ATB facility is a result of lower forecasted commodity prices and the associated impact on asset value. During the nine months ended September 30, 2020, the Company repaid C$2.0 million ($1.5 million) and had drawings of C$0.4 million ($0.3 million) on this facility, leaving C$8.2 million ($6.2 million) drawn and outstanding (See Note 13).

The Company actively monitors its liquidity to ensure that its cash flows, credit facilities and working capital are adequate to support these financial liabilities, as well as the Company's capital programs.

To date, the Company has experienced no difficulties with transferring funds abroad.

Capital disclosures

The Company's objective when managing capital is to ensure the Company will have the financial capacity, liquidity and flexibility to fund the ongoing exploration and development of its petroleum assets. The Company's financial objectives and strategy have remained substantially unchanged over the last two completed fiscal years. These objectives and strategy are reviewed on an annual basis. The Company was subject to financial covenants with the prepayment agreement and the reserves-based lending facility as at September 30, 2020 and December 31, 2019. The Company was in compliance with all financial covenants at September 30, 2020 and December 31, 2019.

The Company defines and computes its capital as follows:

($000s)	**September 30, 2020**	December 31, 2019
Long-term debt, including the current portion (net of unamortized transaction costs)	**25,946**	37,041
Current assets	**(55,139)**	(65,786)
Current liabilities, excluding the current portion of long-term debt	**22,636**	33,592
Net debt obligations	**(6,557)**	4,847
Shareholders' equity	**138,917**	214,490
Total capital	**132,360**	219,337

5. OTHER REVENUE

Other revenue includes funding received under the Government of Canada's Emergency Wage Subsidy (CEWS) program. Government grants are recognized when the Company has reasonable assurance that it has complied with the relevant conditions of the grant and that it will be received.

6. FINANCE COSTS

Finance costs recognized in net (loss) earnings were as follows:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000s)	**2020**	2019	**2020**	2019
Interest on long-term debt	**315**	772	**1,284**	2,511
Interest on borrowing base facility	**85**	102	**243**	331
Amortization of deferred financing costs	**101**	93	**294**	273
Interest on lease obligations	**51**	63	**135**	196
Finance costs	**552**	1,030	**1,956**	3,311
Interest paid	**396**	893	**1,526**	2,874

7. CASH AND CASH EQUIVALENTS

The following table reconciles TransGlobe's cash and cash equivalents:

($000s)	**As at September 30, 2020**	As at December 31, 2019
Cash	**13,065**	12,251
Cash equivalents	**14,000**	21,000
Cash and cash equivalents	**27,065**	33,251

As at September 30, 2020, the Company's cash equivalents balance consisted of short-term deposits with an original term to maturity at purchase of three months or less. All of the Company's cash and cash equivalents are on deposit with high credit-quality financial institutions.

8. PRODUCT INVENTORY

Product inventory consists of the Company's entitlement crude oil barrels in Egypt, which are valued at the lower of cost or net realizable value. Costs include operating expenses and depletion associated with crude oil entitlement barrels and are determined on a concession by concession basis. These amounts are initially capitalized and expensed when sold.

As at September 30, 2020, the Company held 534.2 Mbbls of crude oil in inventory valued at approximately $23.24/bbl (December 31, 2019 - 964.5 Mbbls valued at approximately $18.16 per barrel).

9. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

The following table reconciles the changes in TransGlobe's exploration and evaluation assets:

($000s)	
Balance at December 31, 2019	**33,706**
Additions to exploration and evaluation assets	**337**
Impairment loss	**(33,459)**
Balance at September 30, 2020	**584**

The disruption experienced by the industry, related to the effects caused by the COVID-19 pandemic, which began during the first quarter of 2020 resulted in the Company identifying indicators of impairment on its intangible exploration and evaluation ("E&E") assets as at March 31, 2020. Further consideration was given to the scale of exploration results compared to investments to date and consideration of the uncertainly of the timing of additional exploration activities in these areas given the current economic environment. The Company recorded an impairment loss of $33.5 million on its E&E assets as at March 31, 2020. This was comprised of a $29.5 million impairment loss on the South Ghazalat concession and a $4.0 million impairment loss on the North West Gharib concession. The impairment loss recognized represented the entire E&E asset balances in the two concessions.

The ending balance of intangible exploration and evaluation assets as at September 30, 2020 includes $0.6 million in Canada (December 31, 2019 - $0.5 million), $nil in South Ghazalat (December 31, 2019 - $29.2 million) and $nil in North West Gharib (December 31, 2019 - $4.0 million).

10. PROPERTY AND EQUIPMENT

The following table reconciles the changes in TransGlobe's property and equipment assets:

($000s)	Petroleum and Natural Gas Assets	Other Assets	Total
Cost			
Balance at December 31, 2019	712,552	19,267	731,819
Increase in right-of-use assets	1,650	19	1,669
Additions	6,721	185	6,906
Change in estimate for asset retirement obligations (Note 11)	(599)	-	(599)
Balance at September 30, 2020	**720,324**	**19,471**	**739,795**
Accumulated depreciation, depletion, amortization and impairment losses			
Balance at December 31, 2019	518,408	14,971	533,379
Depletion, depreciation and amortization for the period[1]	19,241	1,400	20,641
Impairment loss	40,036	-	40,036
Balance at September 30, 2020	**577,685**	**16,371**	**594,056**
Foreign Exchange			
Balance at December 31, 2019	2,006	-	2,006
Currency translation adjustments	(2,110)	-	(2,110)
Balance at September 30, 2020	**(104)**	**-**	**(104)**
Net book value			
Balance at December 31, 2019	196,150	4,296	200,446
Balance at September 30, 2020	**142,535**	**3,100**	**145,635**

1 Depletion, depreciation and amortization is adjusted for amounts capitalized to product inventory at the time of production and expensed when sold.

The collapse in commodity prices during the first quarter of 2020 and the resulting impact to the Company resulted in an increase in the market capitalization deficit from December 31, 2019 which led the Company to conclude there were indicators of impairment present on its petroleum and natural gas ("PNG") assets as at March 31, 2020.

Impairment tests were carried out at March 31, 2020 on all of its cash-generating units ("CGU") and were based on fair value less costs to sell calculations (fair value hierarchy Level 3), using estimated after-tax cash discounted cash flows on proved plus probable reserves. The Company used discount rates based on a calculated cost of capital of 15% in Egypt and 11% in Canada along with the following commodity price estimates:

	Egypt[1]	Canada[1]						
	Brent Blend Crude Oil	WTI Oil	AECO Gas	Edmonton Pentane	Edmonton Butane	Edmonton Propane	Spec Ethane	Exchange Rate
Year	**$/Bbl**	**$/Bbl**	**$C/Mcf**	**$C/Bbl**	**$C/Bbl**	**$C/Bbl**	**$C/Bbl**	**USD/CAD**
2020	34.00	30.00	1.95	37.47	21.23	9.61	5.99	0.720
2021	45.50	41.00	2.25	52.05	33.08	19.18	7.01	0.730
2022	52.50	47.50	2.35	61.56	39.52	25.41	7.36	0.735
2023	57.50	52.50	2.45	68.92	45.57	28.89	7.71	0.740
2024	62.50	57.50	2.55	75.84	50.99	32.32	8.05	0.745
2025	62.95	58.95	2.65	77.27	52.02	32.97	8.39	0.750
2026	64.13	60.13	2.70	78.84	53.14	33.68	8.57	0.750
2027	65.33	61.33	2.76	80.44	54.27	34.40	8.76	0.750
2028	66.56	62.56	2.81	82.08	55.44	35.14	8.94	0.750
2029	67.81	63.81	2.87	83.75	56.62	35.89	9.13	0.750
Thereafter[2]	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.750

1 GLJ Petroleum Consultants Ltd. ("GLJ") price forecasts, effective April 1, 2020.

2 Percentage change represents the increase in each year after 2029 to the end of the reserves life.

The following are the results of the impairment tests completed and sensitivity impacts of a 1% increase in discount rate and a 5% decrease in pricing on the impairment tests completed:

CGU	Impairment	1% increase in discount rate	5% decrease in pricing
West Gharib	24,769	917	5,536
West Bakr	6,610	1,400	5,171
North West Gharib	4,596	-	-
Canada	4,061	4,844	5,416
Total	**40,036**	**7,161**	**16,123**

The impairment losses above were recorded in Q1-2020 to reduce the carrying value of these PNG assets to their recoverable amounts, which was $23.8 million in West Gharib, $55.0 million in West Bakr, $nil in North West Gharib and $60.0 million in Canada as at March 31, 2020. No indicators of impairment were identified as at September 30, 2020.

The following table discloses the carrying amount and depreciation charge for right-of-use assets by class of underlying asset as at and for the nine months ended September 30, 2020:

($000s)	Petroleum and Natural Gas Assets	Other Assets	Total
Net book value at December 31, 2019	374	1,285	1,659
Increase in right-of-use assets	1,650	19	1,669
Depreciation for the period	(317)	(709)	(1,026)
Net book value at September 30, 2020	1,707	595	2,302

11. ASSET RETIREMENT OBLIGATION

The following table reconciles the change in TransGlobe's asset retirement obligation:

($000s)	
Balance at December 31, 2019	**13,612**
Changes in estimates for asset retirement obligations and additional obligations recognized	**(599)**
Obligations settled	**(20)**
Asset retirement obligation accretion	**194**
Effect of movements in foreign exchange rates	**(354)**
Balance at September 30, 2020	**12,833**

As at September 30, 2020, the entire asset retirement obligation balance relates to the Company's Canadian operations. TransGlobe has estimated the net present value of its asset retirement obligation to be $12.8 million as at September 30, 2020 (December 31, 2019 - $13.6 million). These payments are expected to be made between 2020 and 2066. TransGlobe calculated the present value of the obligations using a discount rate of 2.00% (December 31, 2019 – between 1.68% and 1.76%) to reflect the market assessment of the time value of money as well as risks specific to the liabilities that have not been included in the cash flow estimates. The inflation rate used in determining the cash flow estimate was 2.00% per annum (December 31, 2019 – 2.00%).

As at September 30, 2020 there is no ARO associated with the Egypt production sharing concessions.

12. LEASE OBLIGATIONS

The following table reconciles TransGlobe's lease obligations:

($000s)	**As at September 30, 2020**	December 31, 2019
Less than 1 year	**1,859**	1,479
1 - 3 years	**954**	631
Total lease payments	**2,813**	2,110
Amounts representing interest	**342**	302
Present value of net lease payments	**2,471**	1,808
Current portion of lease obligations	**1,606**	1,219
Non-current portion of lease obligations	**865**	589

During the nine months ended September 30, 2020, the Company spent $0.1 million (September 30, 2019 - $0.2 million) on interest expense and paid a total cash outflow of $1.1 million (September 30, 2019 - $1.4 million) relating to lease obligations.

13. LONG-TERM DEBT

As at September 30, 2020, interest-bearing debt was comprised as follows:

	As at September 30, 2020	As at December 31, 2019
Prepayment agreement	**19,795**	29,502
Reserves-based lending facility	**6,151**	7,539
Balance, end of period	**25,946**	37,041
Current portion of long-term debt	**(19,795)**	-
Non-current portion of long-term debt	**6,151**	37,041

As at September 30, 2020 and December 31, 2019, the Company had in place a $75.0 million crude oil prepayment agreement with Mercuria, of which $20.0 million (December 31, 2019 - $30.0 million) was drawn. On April 30, 2020, the Company made a repayment of $10.0 million on the prepayment agreement. The prepayment agreement has a maturity date of September 30, 2021.

As at December 31, 2019 the Company had in place a revolving Canadian reserves-based lending facility with ATB totaling C$25.0 million ($19.2 million). As at June 30, 2020, the ATB facility was renewed for C$15.0 million ($11.0 million), of which C$8.2 million ($6.2 million) was drawn (December 31, 2019 - C$9.8 million/$7.5 million). The facility bears interest at a rate of either ATB Prime or CDOR (Canadian Dollar Offered Rate) plus applicable margins that vary from 2.25% to 4.25% (December 31, 2019: 1.25% to 3.25%) depending on the company's net debt to trailing cash flow ratio. There were no other changes to the key terms of the agreement from December 31, 2019. During the nine months ended September 30, 2020, the Company repaid C$2.0 million ($1.5 million) and drew C$0.4 million ($0.3 million) on the revolving facility.

The following table reconciles the changes in TransGlobe's long-term debt, including the current portion:

($000s)	
Balance at December 31, 2019	**37,041**
Draws on revolving credit facility	**282**
Repayment of long-term debt	**(11,504)**
Amortization of deferred financing costs	**294**
Effects of movements in foreign exchange rates	**(167)**
Balance at September 30, 2020	**25,946**

During the nine months ended September 30, 2020, the Company paid $1.5 million (September 30, 2019 - $2.9 million) in interest on its long-term debt.

The Company's interest-bearing loans and borrowings are measured at amortized cost. The prepayment agreement and reserves-based lending facility are subject to certain covenants. The Company was in compliance with its covenants as at September 30, 2020.

The estimated future debt payments on long-term debt as of September 30, 2020 are as follows:

($000s)	**Prepayment Agreement**	**Reserves Based Lending Facility**	**Total**
2020	-	-	-
2021	20,000	6,151	26,151
	20,000	**6,151**	**26,151**

14. COMMITMENTS AND CONTINGENCIES

As part of its normal business, the Company entered into arrangements and incurred obligations that will impact the Company's future operations and liquidity. The principal commitments of the Company are as follows:

			Payment Due by Period[1,2]			
($000s)	Recognized in Financial Statements	Contractual Cash Flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Accounts payable and accrued liabilities	Yes-Liability	21,030	21,030	-	-	-
Long-term debt[3]	Yes-Liability	26,356	20,000	6,356	-	-
Lease obligations	Yes-Liability	2,471	1,606	865	-	-
Drilling commitment	No	1,000	-	1,000	-	-
Other long-term liabilities	Yes-Liability	161	-	161	-	-
Equipment and facility leases (short-term)[4]	No	21	21	-	-	-
Total		**51,039**	**42,657**	**8,382**	**-**	**-**

1 Payments exclude ongoing operating costs and finance costs.
2 Payments denominated in foreign currencies have been translated at September 30, 2020 exchange rates.
3 Excludes deferred financing costs of $0.2 million.
4 Equipment leases include one facility contract.

Pursuant to the approved South Ghazalat development lease, the Company is committed to drill one exploration well during the initial four year period of the 20 year development lease. The Company has issued a production guarantee in the amount of $1.0 million which will be released when the commitment well has been drilled.

In the normal course of its operations, the Company may be subject to litigation and claims. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

The Company is not aware of any material provisions or other contingent liabilities as at September 30, 2020.

15. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares with no par value. Shares in issue as at September 30, 2020 and December 31, 2019 are outlined below:

	Nine Months Ended September 30, 2020		Year Ended December 31, 2019	
(000s)	**Shares**	**Amount ($)**	Shares	Amount ($)
Balance, beginning of period	**72,543**	**152,805**	72,206	152,084
Stock options exercised	**-**	**-**	337	547
Contributed surplus re-class on exercise	**-**	**-**	-	174
Balance, end of period	**72,543**	**152,805**	72,543	152,805

16. SHARE-BASED PAYMENTS

Stock options

The following table summarizes information about the stock options outstanding and exercisable at the dates indicated:

	Nine Months Ended September 30, 2020		Year Ended December 31, 2019	
(000s)	**Number of Options**	**Weighted-Average Exercise Price ($C)**	Number of Options	Weighted-Average Exercise Price ($C)
Options outstanding, beginning of period	**4,481**	**2.86**	4,876	3.60
Granted	**819**	**0.79**	976	2.83
Exercised	**-**	**-**	(337)	2.18
Expired	**(711)**	**4.99**	(1,034)	6.55
Options outstanding, end of period	**4,589**	**2.16**	4,481	2.86
Options exercisable, end of period	**2,797**	**2.35**	2,585	3.01

Compensation expense of $0.3 million was recorded during the nine months ended September 30, 2020 (September 30, 2019 - $0.5 million) in general and administrative expenses in the Condensed Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income and Condensed Consolidated Interim Statements of Changes in Shareholders' Equity in respect of stock options. The fair value of all common stock options granted is estimated on the date of grant using the lattice-based trinomial option pricing model.

All options granted vest annually over a three-year period and expire five years after the grant date. During the nine months ended September 30, 2020, employees exercised nil stock options (September 30, 2019 - 337,000). As at September 30, 2020 and December 31, 2019, the entire balance in contributed surplus was related to previously recognized share-based compensation expense on equity-settled stock options.

Restricted share unit ("RSU"), performance share unit ("PSU") and deferred share unit ("DSU") plans

The number of RSUs, PSUs and DSUs outstanding as at September 30, 2020 are as follows:

(000s)	**RSUs**	**PSUs**	**DSUs**
Units outstanding, December 31, 2019	839	1,640	589
Granted	680	1,196	392
Exercised	(373)	(431)	(155)
Forfeited	(277)	(127)	-
Units outstanding, September 30, 2020	**869**	**2,278**	**826**

During the nine months ended September 30, 2020, a compensation recovery of $0.8 million (September 30, 2019 - $1.3 million expense) was recorded in general and administrative expenses in the Condensed Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income in respect of the revaluation of outstanding share units granted under the three plans described above.

17. PER SHARE AMOUNTS

The weighted-average number of common shares outstanding (basic and diluted) for the three months ended September 30, 2020 was 72,542,071 (September 30, 2019 – 72,542,071). The weighted number of common shares outstanding (basic and diluted) for the nine months ended September 30, 2020 was 72,542,071 (September 30, 2019 – basic 72,504,081; and diluted 72,509,233). These outstanding share amounts were used to calculate net earnings (loss) per share in the respective periods.

In determining diluted net loss per share, the Company assumes that the proceeds received from the exercise of "in-the-money" stock options are used to repurchase common shares at the average market price. In calculating the weighted-average number of diluted common shares outstanding for the period ended September 30, 2020, the Company excluded 4,589,042 and 3,769,935 stock options for the three and nine months ended September 30, 2020 (September 30, 2019 – 4,480,935 and 2,653,284) as their exercise price was greater than the average common share market price in the periods.

18. SEGMENTED INFORMATION

The Company has two reportable segments for the three and nine months ended September 30, 2020 and 2019: the Arab Republic of Egypt and Canada. The Company, through its operating segments, is engaged primarily in oil exploration, development and production and the acquisition of oil and gas properties. In presenting information on the basis of operating segments, segment revenue is based on the geographical location of assets which is also consistent with the location of the segment customers. Segmented assets are also based on the geographical location of the assets. There are no inter-segment sales. The accounting policies of the operating segments are the same as the Company's accounting policies.

	Three Months Ended September 30							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
($000s)	**Egypt**		**Canada**		**Corporate**		**Total**	
Revenue								
Oil sales	**28,644**	59,900	**2,484**	3,060	**-**	-	**31,128**	62,960
Natural gas sales	**-**	-	**769**	365	**-**	-	**769**	365
Natural gas liquids sales	**-**	-	**1,149**	1,063	**-**	-	**1,149**	1,063
Less: royalties	**(15,825)**	(32,726)	**(481)**	(462)	**-**	-	**(16,306)**	(33,188)
Petroleum and natural gas sales, net of royalties	**12,819**	27,174	**3,921**	4,026	**-**	-	**16,740**	31,200
Finance revenue	**-**	-	**-**	-	**9**	85	**9**	85
Other revenue	**-**	-	**-**	-	**106**	-	**106**	-
Total segmented revenue	**12,819**	27,174	**3,921**	4,026	**115**	85	**16,855**	31,285
Segmented expenses								
Production and operating	**10,051**	9,821	**1,422**	1,743	**-**	-	**11,473**	11,564
Selling costs	**54**	76	**-**	-	**-**	-	**54**	76
General and administrative	**913**	1,411	**224**	168	**1,405**	2,523	**2,542**	4,102
Foreign exchange gain	**-**	-	**-**	-	**(65)**	(67)	**(65)**	(67)
Finance costs	**457**	913	**92**	109	**3**	8	**552**	1,030
Depletion, depreciation and amortization	**3,367**	6,140	**1,925**	1,828	**201**	205	**5,493**	8,173
Asset retirement obligation accretion	**-**	-	**66**	51	**-**	-	**66**	51
Gain on financial instruments	**(395)**	(2,504)	**-**	-	**-**	-	**(395)**	(2,504)
Impairment recovery	**-**	(409)	**-**	-	**-**	-	**-**	(409)
Gain on disposition of assets	**-**	-	**-**	(114)	**-**	-	**-**	(114)
Income tax expense	**3,092**	6,416	**-**	-	**-**	-	**3,092**	6,416
Segmented net (loss) earnings	**(4,720)**	5,310	**192**	241	**(1,429)**	(2,584)	**(5,957)**	2,967
Capital expenditures								
Exploration and development	**506**	4,579	**(99)**	4,659	**-**	-	**407**	9,238
Corporate	**-**	-	**-**	-	**30**	54	**30**	54
Total capital expenditures	**506**	4,579	**(99)**	4,659	**30**	54	**437**	9,292

	Nine Months Ended September 30							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
($000s)	**Egypt**		**Canada**		**Corporate**		**Total**	
Revenue								
Oil sales	**126,363**	198,378	**6,489**	10,935	**-**	-	**132,852**	209,313
Natural gas sales	**-**	-	**2,057**	1,815	**-**	-	**2,057**	1,815
Natural gas liquids sales	**-**	-	**2,873**	3,600	**-**	-	**2,873**	3,600
Less: royalties	**(54,644)**	(101,520)	**(1,772)**	(1,585)	**-**	-	**(56,416)**	(103,105)
Petroleum and natural gas sales, net of royalties	**71,719**	96,858	**9,647**	14,765	**-**	-	**81,366**	111,623
Finance revenue	**16**	25	**-**	-	**85**	376	**101**	401
Other revenue	**-**	-	**-**	-	**328**	-	**328**	-
Total segmented revenue	**71,735**	96,883	**9,647**	14,765	**413**	376	**81,795**	112,024
Segmented expenses								
Production and operating	**40,440**	30,003	**4,696**	5,504	**-**	-	**45,136**	35,507
Selling costs	**1,103**	649	**-**	-	**-**	-	**1,103**	649
General and administrative	**3,978**	4,503	**673**	571	**3,746**	7,669	**8,397**	12,743
Foreign exchange gain	**-**	-	**-**	-	**100**	(122)	**100**	(122)
Finance costs	**1,679**	2,934	**262**	353	**15**	24	**1,956**	3,311
Depletion, depreciation and amortization	**17,220**	19,953	**5,581**	5,625	**601**	606	**23,402**	26,184
Asset retirement obligation accretion	**-**	-	**194**	156	**-**	-	**194**	156
(Gain) loss on financial instruments	**(7,568)**	1,426	**-**	-	**-**	-	**(7,568)**	1,426
Impairment loss	**69,434**	7,982	**4,061**	-	**-**	-	**73,495**	7,982
Gain on disposition of assets	**-**	-	**-**	(114)	**-**	-	**-**	(114)
Income tax expense	**10,122**	20,095	**-**	-	**-**	-	**10,122**	20,095
Segmented net (loss) earnings	**(64,673)**	9,338	**(5,820)**	2,670	**(4,049)**	(7,801)	**(74,542)**	4,207
Capital expenditures								
Exploration and development	**5,342**	20,279	**1,733**	5,470	**-**	-	**7,075**	25,749
Corporate	**-**	-	**-**	-	**168**	187	**168**	187
Total capital expenditures	**5,342**	20,279	**1,733**	5,470	**168**	187	**7,243**	25,936

The carrying amounts of reportable segment assets and liabilities are as follows:

	As at September 30, 2020			As at December 31, 2019		
($000s)	**Egypt**	**Canada**	**Total**	Egypt	Canada	Total
Assets						
Accounts receivable	**9,063**	**2,191**	**11,254**	6,266	3,874	10,140
Derivative commodity contracts	**543**	**-**	**543**	-	-	-
Intangible exploration and evaluation assets	**-**	**584**	**584**	33,176	530	33,706
Property and equipment						
Petroleum and natural gas assets	**74,468**	**68,067**	**142,535**	117,591	78,559	196,150
Other assets	**2,086**	**12**	**2,098**	2,847	15	2,862
Other	**34,040**	**2,010**	**36,050**	48,652	2,269	50,921
Deferred taxes	**4,225**	**-**	**4,225**	8,387	-	8,387
Segmented assets	**124,425**	**72,864**	**197,289**	216,919	85,247	302,166
Non-segmented assets			**8,294**			6,159
Total assets			**205,583**			308,325
Liabilities						
Accounts payable and accrued liabilities	**15,216**	**2,015**	**17,231**	19,459	6,798	26,257
Derivative commodity contracts	**-**	**-**	**-**	217	-	217
Long-term debt	**19,795**	**6,151**	**25,946**	29,502	7,539	37,041
Asset retirement obligation	**-**	**12,833**	**12,833**	-	13,612	13,612
Lease obligation	**1,821**	**347**	**2,168**	718	276	994
Deferred taxes	**4,225**	**-**	**4,225**	8,387	-	8,387
Segmented liabilities	**41,057**	**21,346**	**62,403**	58,283	28,225	86,508
Non-segmented liabilities			**4,263**			7,327
Total liabilities			**66,666**			93,835

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2020**	2019	**2020**	2019
Operating activities				
Decrease (increase) in current assets				
Accounts receivable	**7,320**	1,671	**(1,188)**	(12,830)
Prepaids and other	**1,058**	(1,167)	**1,341**	1,043
Product inventory[1]	**(2,511)**	(3,354)	**2,340**	(6,674)
(Decrease) increase in current liabilities				
Accounts payable and accrued liabilities	**(9,554)**	5,380	**(7,752)**	(3,783)
Other long-term liabilities	**15**	83	**(453)**	(360)
Total changes in non-cash working capital	**(3,672)**	2,613	**(5,712)**	(22,604)
Investing activities				
Increase in current assets				
Prepaids and other	**-**	-	**-**	4
Decrease in current liabilities				
Accounts payable and accrued liabilities	**(1,883)**	(2,177)	**(2,545)**	(2,482)
Total changes in non-cash working capital	**(1,883)**	(2,177)	**(2,545)**	(2,478)
Financing activities				
Decrease in current liabilities				
Other liabilities	**-**	-	**-**	(200)
Total changes in non-cash working capital	**-**	-	**-**	(200)

[1] The change in non-cash working capital associated with product inventory represents the change in operating costs capitalized as product inventory in the respective periods.