

Condensed Consolidated Interim
Financial Statements

Pinedale Energy Limited

Unaudited- Expressed in Canadian
Dollars

For the six months ended June 30, 2020
and 2019

PINEDALE ENERGY LIMITED
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2020

Management's Comments on Unaudited Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Pinedale Energy Limited for the six month period ended June 30, 2020 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

The accompanying unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

PINEDALE ENERGY LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

[Unaudited- Expressed in Canadian dollars]

| | June 30, 2020 | December 31, 2019 |
|---|-------------------|----------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 300,024 | 747,438 |
| Other receivables and prepaids | 386,218 | 666,338 |
| Total current assets | 686,242 | 1,413,776 |
| Oil and gas properties <i>[notes 3 and 12]</i> | 10,739,611 | 10,755,878 |
| | 11,425,853 | 12,169,654 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | 889,427 | 1,151,654 |
| Current portion of long-term debt <i>[notes 6 and 12]</i> | 6,132,600 | - |
| Total current liabilities | 7,022,027 | 1,151,654 |
| Decommissioning liability <i>[note 4 and 12]</i> | 958,944 | 912,655 |
| Promissory note <i>[notes 5, 8 and 12]</i> | 2,663,694 | 3,234,038 |
| Long-term debt <i>[note 6 and 12]</i> | - | 6,039,420 |
| Total liabilities | 10,644,665 | 11,337,767 |
| Shareholders' equity | | |
| Share capital <i>[note 7]</i> | 5,319,746 | 5,319,746 |
| Contributed Surplus | 694,535 | 688,841 |
| Accumulated other comprehensive income | 900,877 | 732,774 |
| Retained earnings | (6,133,970) | (5,909,474) |
| Total shareholders' equity | 781,188 | 831,887 |
| | 11,425,853 | 12,169,654 |

See accompanying notes

Nature of Operations (Note 1)

Subsequent Event (Note 12)

On behalf of the Board:

"Gordon Nielsen"

Director

"Claus Andrup"

Director

PINEDALE ENERGY LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

[Unaudited- Expressed in Canadian dollars]

| | Three months ended June 30, 2020 \$ | Three months ended June 30, 2019 \$ | Six months ended June 30, 2020 \$ | Six months ended June 30, 2019 \$ |
|---|--|--|--|--|
| Oil and gas sales | 662,945 | 1,298,404 | 1,753,575 | 3,981,800 |
| Royalties | 91,505 | (267,116) | (111,770) | (810,877) |
| Net oil and gas revenue | 754,450 | 1,031,288 | 1,641,805 | 3,170,923 |
| Cost of sales | | | | |
| Consulting fees | 4,556 | 4,575 | 7,781 | 9,175 |
| Depletion [note 4] | 282,557 | 352,418 | 573,483 | 739,374 |
| Production tax | 52,520 | 126,750 | 133,406 | 383,616 |
| Gathering | 133,439 | 175,807 | 250,031 | 365,616 |
| Lease operating | 184,258 | 221,301 | 305,316 | 402,914 |
| Transportation | 7,202 | 8,475 | 13,799 | 15,189 |
| | 664,532 | 889,326 | 1,283,816 | 1,915,884 |
| | 89,918 | 141,962 | 357,989 | 1,255,039 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Administration services | 25,104 | 15,450 | 51,420 | 52,494 |
| Consulting fees | 36,820 | 36,065 | 92,974 | 93,103 |
| Share based compensation | - | 13,982 | 5,694 | 28,185 |
| Interest | 99,896 | 224,887 | 287,163 | 469,151 |
| Filing and regulatory | 7,660 | 11,862 | 14,430 | - 11,862 |
| Insurance | 7,143 | 8,096 | 15,262 | 16,074 |
| Office and general | 5,224 | 7,397 | 14,090 | 15,039 |
| Professional fees | 77,874 | 10,251 | 102,723 | 24,407 |
| Foreign exchange loss (gain) | 19 | (4,532) | (1,271) | - |
| | 259,741 | 323,458 | 582,485 | 710,315 |
| Net income (loss) before taxes | (169,823) | (181,496) | (224,496) | 544,724 |
| Income tax expense | - | (57,962) | - | 110,700 |
| Net income (loss) | (169,823) | (123,534) | (224,496) | 434,024 |
| Other comprehensive income (loss): | | | | |
| Exchange differences from translation of foreign operations | (147,925) | (87,922) | 168,103 | (153,477) |
| Comprehensive income | (317,748) | (211,456) | (56,393) | 280,547 |
| Basic earnings per share | 0.00 | 0.00 | 0.00 | 0.00 |
| Diluted earnings per share | 0.00 | 0.00 | 0.00 | 0.00 |
| Basic Weighted average number of common shares | 112,472,114 | 112,472,114 | 112,472,114 | 112,472,114 |
| Diluted weighted average number of common shares | 112,472,114 | 112,472,114 | 112,472,114 | 112,472,114 |

See accompanying notes

PINEDALE ENERGY LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[Unaudited- Expressed in Canadian dollars]

| | Number of issued and outstanding Class A Common shares # | Share capital \$ | Contributed Surplus \$ | Retained earnings \$ | Accumulated other comprehensive income (loss) \$ | Total equity \$ |
|---|--|------------------------|------------------------------|----------------------------|--|-----------------------|
| Balance, December 31, 2018 | 112,472,114 | 5,319,746 | 430,591 | (6,942,575) | 924,878 | (267,360) |
| Share based compensation | - | - | 39,826 | - | - | 39,826 |
| Discount on related party loan | - | - | 218,424 | - | - | 218,424 |
| Other comprehensive loss for the year | - | - | - | - | (192,104) | (192,104) |
| Net income for the year | - | - | - | 1,033,101 | - | 1,033,101 |
| Balance, December 31, 2019 | 112,472,114 | 5,319,746 | 688,841 | (5,909,474) | 732,774 | 831,887 |
| Share based compensation | - | - | 5,694 | - | - | 5,694 |
| Other comprehensive income for the period | - | - | - | - | 168,103 | 168,103 |
| Net income (loss) for the period | - | - | - | (224,496) | - | (224,496) |
| Balance, June 30, 2020 | 112,472,114 | 5,319,746 | 694,535 | (6,133,970) | 900,877 | 781,188 |

See accompanying notes

PINEDALE ENERGY LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

[Unaudited- Expressed in Canadian dollars]

| | Period ended June 30, 2020 \$ | Period ended June 30, 2019 \$ |
|--|--|--|
| OPERATING ACTIVITIES | | |
| Net income (loss) for the period | (224,496) | 454,023 |
| Add items not affecting cash | | |
| Deferred income tax expense | - | 138,500 |
| Unrealized gain on derivative financial instruments | (80,857) | - |
| Share based compensation | 5,694 | 28,185 |
| Non-cash portion of interest expense | 73,974 | 92,526 |
| Depletion | 573,483 | 739,374 |
| | <u>347,798</u> | <u>1,432,608</u> |
| Changes in non-cash working capital items | | |
| Other receivables and prepaids | 343,371 | 850,081 |
| Accounts payable and accrued liabilities | (262,227) | (448,756) |
| Cash provided by operating activities | <u>428,942</u> | <u>1,833,933</u> |
| INVESTING ACTIVITIES | | |
| Investment in oil and gas properties | (26,245) | (29,851) |
| Cash used in investing activities | <u>(26,245)</u> | <u>(29,851)</u> |
| FINANCING ACTIVITIES | | |
| Funds received (paid) on promissory note | (643,000) | (500,000) |
| Borrowings (repayment) on long-term debt | (204,420) | (981,525) |
| Cash provided by (used in) financing activities | <u>(847,420)</u> | <u>(1,481,525)</u> |
| Effects of exchange rate changes on cash | (2,691) | (24,984) |
| Increase (decrease) in cash during the period | (447,414) | 297,573 |
| Cash, beginning of period | 747,438 | 252,289 |
| Cash, end of period | <u>300,024</u> | <u>549,862</u> |

See accompanying notes

PINEDALE ENERGY LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019

[Unaudited- Expressed in Canadian dollars]

1. NATURE OF OPERATIONS

Pinedale Energy Limited [“Pinedale” or the “Company”] was incorporated under the British Columbia Business Corporations Act on December 17, 2007. The Company is a junior resource company engaged in the identification, and the exploration and development, of both proven and unproven reserves via drilling and/or acquisition with a focus on the State of Wyoming, U.S.A. The address of the Company's registered office is Suite 1500 - 701 West Georgia Street, Vancouver, British Columbia, V7Y 106. The Company is trading on the Toronto Venture Exchange (TSX-V) under the trading symbol “MCF”.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2019 (“2019 Annual Consolidated Financial Statements”), which have been prepared in accordance with IFRS.

Significant accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. Certain estimates by their nature are uncertain. The impacts of such estimates could be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All accounting policies and methods of computation followed in the preparation of these condensed consolidated interim financial statements are the same as those disclosed in Note 3 of Pinedale’s Annual Consolidated Financial Statements and were authorized for issue by the Board of Directors (the “Board”) on May 28, 2020.

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
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FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019

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3. OIL AND GAS PROPERTIES

Sublette County, State of Wyoming, U.S.A.

The Company acquired seventeen leases with an undivided working interest ranging from 11.56% to 21.25% covering approximately 1,680 net acres located in Sublette County in the State of Wyoming. The Company has agreements with joint working interest owners in the leases requiring it to participate in the development of oil and natural gas wells associated with leases. Failure by the Company to pay its share of a proposed capital program could result in a significant revenue penalty related to the subject wells. If a proposed capital program results in the continuation of a lease that would otherwise expire and the Company fails to pay its proportionate share of these costs, the Company shall be obligated to assign its undivided interest in the lease to the operator, free of charge and without any consideration or refund of the purchase price. Cumulative expenditures related to the Sublette County interests consist of the following:

| | |
|---|---------------------|
| Balance, December 31, 2018 | \$11,693,786 |
| Additions | 31,815 |
| Change in decommissioning liability | 177,977 |
| Depletion | (599,799) |
| Reporting currency translation adjustment | (547,900) |
| Balance, December 31, 2019 | \$10,755,878 |
| Additions | 26,245 |
| Depletion | (573,483) |
| Reporting currency translation adjustment | 530,970 |
| Balance, June 30, 2020 | \$10,739,611 |

4. DECOMMISSIONING LIABILITY

The Company estimates the total undiscounted amount of cash flow required to settle its decommissioning obligation is approximately \$1,034,739 (2019 - \$986,146). The payments to settle this obligation are expected to occur from 2039 to 2065. An inflation factor of 2.10% (2019 – 2.10%) has been applied to the estimated decommissioning liability as at June 30, 2020. The Company's risk-free rate used to calculate the fair value of the decommissioning liability is 2.39% at June 30, 2020 (2019 – 2.39%).

| | |
|---|------------------|
| Balance, December 31, 2018 | \$751,831 |
| Accretion of discount | 19,037 |
| Change in estimate | 177,977 |
| Reporting currency translation adjustment | (36,190) |
| Balance, December 31, 2019 | \$912,655 |
| Accretion of discount | 1,319 |
| Reporting currency translation adjustment | 44,970 |
| Balance, June 30, 2020 | \$958,944 |

PINEDALE ENERGY LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019

[Unaudited- Expressed in Canadian dollars]

5. PROMISSORY NOTE

On September 1, 2017, the Company executed a promissory note to secure a loan advance of \$4,000,000. The promissory note payable is secured against the assets of the Company, bears interest at a rate of 10% per annum which can be repaid at any time without penalty with an initial maturity date of September 1, 2019. In December 2019 the loan was extended at the same terms with a new maturity date of September 1, 2021. At the time of renewal, the Company had \$3,500,000 outstanding on the note. The renewed loan was adjusted to a fair market value of \$3,209,776 using a discount rate of 15%. A discount of \$290,224, net of deferred tax of \$71,800, was allocated to contributed surplus.

During the period ended June 30, 2020, the Company made principal repayments of \$643,000 (2019 - \$500,000). In addition, the Company recognized \$72,639 and \$72,656 of interest expense and accretion, respectively. As at June 30, 2020, the Company had \$2,857,000 outstanding on the note.

6. LONG-TERM DEBT

On June 30, 2015, the Company's wholly owned subsidiary, Pinedale Energy Inc., entered into a US\$25 million revolving credit facility with CrossFirst Bank. The initial Revolver Commitment from the Bank allows for revolving loan advances to the Company to a maximum of US\$5 million. The facilities are secured by fixed and floating charges on the assets of the Company. The amount available under these facilities ("Collateral Borrowing Base") is re-determined at least twice a year and is primarily based on the Company's oil and gas reserves, the lending institution's forecast commodity prices, the current economic environment and other factors. As at June 30, 2020 the Collateral Borrowing Base was US\$6.0 million. The next scheduled Borrowing Base redetermination is to occur by September 30, 2020. These advances bear interest at Wall Street Journal Base Rate plus fifty basis points (0.50%).

At June 30, 2020 the Company had a balance due of \$6,132,600 (US\$ 4,500,000) under its existing credit facility (December 31, 2019 - \$6,039,420).

Pursuant to the terms of the Loan agreement, the Company is required to maintain a ratio of funded debt to EBITDAX of 4:1 at the end of each fiscal quarter calculated on a rolling twelve month basis. The Company is also required to maintain a current ratio of not less than 1:1 at the end of each fiscal quarter. As at June 30, 2020 and December 31, 2019 the Company was in compliance with these covenants.

7. SHARE CAPITAL

Authorized

The Company is authorized to issue:

- An unlimited number of voting Class A common shares without par value; and
- An unlimited number of voting Class B common shares without par value.

Issued and Outstanding

As at June 30, 2020, there were 112,472,114 Class A shares outstanding and no Class B shares outstanding.

PINEDALE ENERGY LIMITED
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[Unaudited- Expressed in Canadian dollars]

7. SHARE CAPITAL (continued)

Stock option plan

The Company has a 20% fixed stock option plan under which stock options to purchase common shares of the Company may be granted to directors, officers and consultants.

The Company has cancelled an aggregate of 1,314,064 incentive stock options, previously held by certain directors, officers and consultants. Following the cancellation of the stock options there are no stock options issued and outstanding under the Company's 2017 stock option plan. No stock options were granted in 2019 or in the six month period ended June 30, 2020.

During the year ended December 31, 2017, the Company granted 1,314,064 options with an exercise price of \$0.26 and an expiry date of June 26, 2022.

In connection with this grant the company recorded a share based compensation expense of \$5,694 during the period ended June 30, 2020 (June 30, 2019 – \$28,185).

Warrants

On April 30, 2016, the Company issued 999,999 warrants as part of a non-brokered private placement. These warrants have an exercise price of \$0.26 and expire on April 29, 2021.

On June 26, 2017, the Company issued 5,000,000 warrants as part of a non-brokered private placement. These warrants have an exercise price of \$0.26 and expire on June 26, 2022.

On October 26, 2017, the Company issued 5,000,000 warrants as part of a non-brokered private placement. These warrants have an exercise price of \$0.36 and expire on October 26, 2022.

As at June 30, 2020, the Company has a total of 10,999,999 warrants outstanding and exercisable in which the weighted average exercise price and the weighted average remaining life was \$0.30 and 2.04 years, respectively.

8. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

| | June 30, 2020 | June 30, 2019 |
|------------------------------|------------------|------------------|
| Interest on promissory notes | \$72,462 | \$189,178 |
| Consulting Fees | \$60,000 | \$72,000 |
| Directors fees | \$3,000 | \$6,000 |
| Share based compensation | \$3,796 | \$18,790 |

PINEDALE ENERGY LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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8. RELATED PARTY TRANSACTIONS (continued)

The promissory note described in Note 5 is payable to two former directors of the Company. The promissory note payable is at agreed upon terms. During the period ended June 30, 2020, the Company paid \$72,462 (June 30, 2019: \$189,178) in interest on the promissory note.

During the period ended June 30, 2020, the Company paid \$36,000 (June 30, 2019: \$36,000) to an Executive officer/Director of the Company. During the same period, the Company paid \$24,000 in consulting fees to a different Executive officer of the Company (June 30, 2019: \$36,000).

As at June 30, 2020, accounts payable and accrued liabilities included \$6,332 (June 30, 2019: \$43,767) related to these payments.

9. CAPITAL MANAGEMENT

It is management's objective to safeguard its capital in order that it will be able to continue as a going concern in the best interest of all stakeholders. The capital of the Company consists of cash and the items included in the consolidated shareholders' equity, which is consistent with the prior year.

The Company currently has limited sources of revenues. As such, the Company is dependent upon external financings to fund activities. In order to finance future projects and to pay for administrative activities, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the relative size of the Company, is reasonable. There have been no changes to the Company capital management process in the past year.

10. FINANCIAL INSTRUMENTS RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated with cash. The carrying amounts of these assets included on the consolidated statement of financial position represent the maximum credit exposure. The Company limits exposure to credit risk by maintaining its cash with institutions of high creditworthiness.

The Company's investment policy is to hold cash in interest-bearing bank accounts and highly liquid short-term interest bearing instruments with maturities of one year or less which can be liquidated at any time without penalties.

Trade and other receivables are comprised almost entirely of amounts receivable from marketing companies, pipeline operators and midstream companies which purchase the petroleum and natural gas

PINEDALE ENERGY LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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produced by the properties. The accounts receivable are subject to the standard risk inherent in the industry in which those companies operate and are all current at period end.

10. FINANCIAL INSTRUMENTS RISK EXPOSURE AND RISK MANAGEMENT (continued)

Foreign exchange risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. For the Company, it is the CAD/USD exchange rate which presents the most risk as the Company's operating cash flows and a significant portion of the Company's debt are denominated in U.S. dollars. An increase in the value of the Canadian dollar as compared to the U.S. dollar will reduce the net cash flow from the oil and gas operations but will reduce the Canadian dollar equivalent of the Company's debt and reduce the Canadian dollar equivalent cost of acquisitions. A \$0.01 increase (decrease) in the CAD/USD exchange rate would have increased (decreased) other comprehensive income (loss) by approximately \$800 for the period ended June 30, 2020 (2019 - \$4,500).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows, capital expenditures and cash holdings. The Company believes that these sources should be sufficient to cover the likely short term requirements. In the long term, the Company may have to issue additional shares to ensure there is cash available for its programs. All current financial liabilities, being accounts payable and accrued liabilities, are payable within a 90 day period and are to be funded from cash.

Market risk

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. A significant change in commodity prices can materially impact the Company's revenue and ability to raise capital. Commodity prices for petroleum and natural gas are not only influenced by Canadian and United States demand, but also by world events that dictate the levels of supply and demand. A \$0.10 increase (decrease) in the NYMEX natural gas price would have increased (decreased) net income by approximately \$66,000 for the period ended June 30, 2020 (2019 - \$80,000).

The Company is party to certain financial contracts in order to manage natural gas commodity price risks. The natural gas reference prices of the commodity contracts are referenced to natural gas market index prices.

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10. FINANCIAL INSTRUMENTS RISK EXPOSURE AND RISK
MANAGEMENT (continued)

A summary of contracts outstanding in respect of hedging is as follows:

| Period Hedged | Commodity Hedged | Derivative Product Type | Quantity | | Price | |
|-------------------------------------|------------------|---------------------------|----------|-------|-------|-----------|
| August 1, 2020 to December 31, 2020 | Natural Gas | Put Option ⁽¹⁾ | 178,500 | MMBtu | 1.75 | USD/MMBtu |
| January 1, 2021 to March 31, 2021 | Natural Gas | Put Option ⁽¹⁾ | 99,000 | MMBtu | 1.75 | USD/MMBtu |
| April 1, 2021 to June 30, 2021 | Natural Gas | Put Option ⁽¹⁾ | 96,500 | MMBtu | 1.70 | USD/MMBtu |
| July 1, 2021 to December 31, 2021 | Natural Gas | Put Option ⁽¹⁾ | 180,500 | MMBtu | 1.57 | USD/MMBtu |
| July 1, 2020 to December 31, 2020 | Crude Oil | Put Option ⁽²⁾ | 2,110 | bbl | 45.00 | USD/bbl |
| January 1, 2021 to March 31, 2021 | Crude Oil | Put Option ⁽²⁾ | 945 | bbl | 40.25 | USD/bbl |
| April 1, 2021 to June 30, 2021 | Crude Oil | Put Option ⁽²⁾ | 920 | bbl | 40.75 | USD/bbl |
| July 1, 2021 to December 31, 2021 | Crude Oil | Put Option ⁽²⁾ | 1,625 | bbl | 18.25 | USD/bbl |

(1) NYMEX Henry Hub last day reference price

(2) WTI Financial calendar month average

Interest rate risk

The Company is exposed to interest rate risk related to interest expense on its revolving credit facility due to the floating interest rate charged on advances. For the period ended June 30, 2020, if interest rates had been 25 basis points higher with all other variables held constant, after tax net income for the period would have been approximately \$6,300 (2019 – \$6,400) lower.

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11. SEGMENT INFORMATION

The Company operates its business as a single operating segment being the development of proven and unproven reserves in the United States.

The breakdown by geographic area as at June 30, 2020 is as follows:

| | Canada | United States | Consolidated |
|--------------------|---------------|----------------------|---------------------|
| Current assets | \$ 98,145 | \$ 588,097 | \$ 686,242 |
| Non-current assets | - | 10,739,611 | \$ 10,739,611 |
| Total assets | 98,145 | 11,327,708 | 11,425,853 |
| | | | |
| Total liabilities | \$ 2,741,779 | \$ 7,902,886 | \$ 10,644,665 |
| Revenues | \$ - | \$ 1,641,805 | \$ 1,641,805 |

The breakdown by geographic area as at December 31, 2019 for total assets and total liabilities, and as at June 30, 2019 for revenue is as follows:

| | Canada | United States | Consolidated |
|--------------------|---------------|----------------------|---------------------|
| Current assets | \$ 159,203 | \$ 1,254,573 | \$ 1,413,776 |
| Non-current assets | - | 10,755,878 | \$ 10,755,878 |
| Total assets | 159,203 | 12,010,451 | 12,169,654 |
| | | | |
| Total liabilities | \$ 3,304,614 | \$ 8,033,153 | \$ 11,337,767 |
| Revenues | \$ - | \$ 3,170,923 | \$ 3,170,923 |

The Company does have two customers that make up more than 10% of total sales with Customer A making up 84.8% percent of sales and Customer B making up 15.2% of total sales.

12. SUBSEQUENT EVENTS

On July 28, 2020 Pinedale Energy Limited (“the Company”) completed the sale of its wholly-owned subsidiary, 0970831 B.C. Ltd., and it’s indirect wholly-owned subsidiary, Pinedale Energy Inc., pursuant to a share transfer and assignment agreement dated May 20, 2020. Pursuant to the terms and conditions of the Share Transfer Agreement: (i) all of the issued and outstanding shares of 0970831 B.C. Ltd. were transferred to the purchasers; and (ii) all outstanding indebtedness of Pinedale Energy Limited owed to the purchasers, and all indebtedness owed to the Company by the Corporation's indirect wholly-owned subsidiary Pinedale Energy Inc., was assigned to and assumed by 0970831 B.C. Ltd.. At closing, the purchasers released the Company from any and all obligations related to any indebtedness owed to them by the Company and Pinedale Energy Limited has ceased all oil and gas exploration activities.