



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

BNK PETROLEUM INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, Expressed in Thousands of United States Dollars)

	September 30,		December 31,
	2017		2016
	<u> </u>		<u> </u>
Current assets			
Cash and cash equivalents	\$ 3,065	\$	11,101
Trade and other receivables	1,805		1,163
Deposits and prepaid expenses	626		614
Fair value of commodity contracts (Note 3)	381		650
	<u>5,877</u>		<u>13,528</u>
 Non-current assets			
Property, plant and equipment (Note 5)	148,751		133,476
	<u>148,751</u>		<u>133,476</u>
 Total assets	 \$ <u>154,628</u>	 \$	 <u>147,004</u>
 Current liabilities			
Trade and other payables	\$ 8,354	\$	2,888
	<u>8,354</u>		<u>2,888</u>
 Non-current liabilities			
Loans and borrowings (Note 7)	23,575		20,229
Asset retirement obligations	918		785
Fair value of commodity contracts (Note 3)	264		1,417
	<u>24,757</u>		<u>22,431</u>
 Equity			
Share capital	289,522		289,549
Contributed surplus	22,347		22,195
Deficit	(190,352)		(190,059)
Total equity	<u>121,517</u>		<u>121,685</u>
 Total equity and liabilities	 \$ <u>154,628</u>	 \$	 <u>147,004</u>

See accompanying notes to the condensed consolidated interim financial statements.

BNK PETROLEUM INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited, expressed in Thousands of United States dollars, except per share amounts)

	Three months ended		Nine months ended	
	September 30		September 30	
	2017	2016	2017	2016
Revenue				
Oil and natural gas revenue, net of royalties	\$ 2,898	\$ 2,321	\$ 7,548	\$ 6,828
Other income (loss)	(24)	1	52	2
	<u>2,874</u>	<u>2,322</u>	<u>7,600</u>	<u>6,830</u>
Expenses				
Production and operating	589	570	1,610	1,693
Depletion and depreciation (Note 5)	1,408	1,286	3,603	4,381
General and administrative	792	872	2,725	2,902
Share based compensation (Note 8)	44	144	131	506
	<u>2,833</u>	<u>2,872</u>	<u>8,069</u>	<u>9,482</u>
Finance income				
Realized gain on financial commodity contracts (Note 3)	392	909	1,465	3,550
Unrealized gain on financial commodity contracts (Note 3)	-	-	883	-
Foreign exchange gain	4	4	13	8
Interest and other	-	2	15	2
	<u>396</u>	<u>915</u>	<u>2,376</u>	<u>3,560</u>
Finance expense				
Unrealized loss on financial commodity contracts (Note 3)	1,269	445	-	5,965
Interest on loans and borrowings	304	430	1,398	1,456
Accretion of asset retirement obligation	7	5	20	15
	<u>1,580</u>	<u>880</u>	<u>1,418</u>	<u>7,436</u>
Net income (loss) and comprehensive income (loss) from continuing operations	\$ (1,143)	(515)	489	(6,528)
Net loss and comprehensive loss from discontinued operations (Note 10)	<u>(190)</u>	<u>(328)</u>	<u>(782)</u>	<u>(875)</u>
Net loss and comprehensive loss	\$ <u>(1,333)</u>	\$ (843)	\$ (293)	\$ (7,403)
Basic and diluted net income (loss) per share (Note 6)				
Continuing operations	\$ (0.01)	(0.01)	0.00	(0.04)
Discontinued operations	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.01)</u>
Net loss	\$ <u>(0.01)</u>	<u>(0.01)</u>	<u>(0.00)</u>	<u>(0.05)</u>

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited, Expressed in Thousands of United States Dollars, except number of common shares)

	Number of common shares	Share capital	Contributed Surplus	Deficit	Total Equity
Balance at January 1, 2016	162,689,292	\$279,859	\$21,471	\$(178,911)	\$122,419
Share based compensation (Note 8)	-	-	601	-	601
Net loss for the period	-	-	-	(7,403)	(7,403)
Balance at September 30, 2016	<u>162,689,292</u>	<u>\$ 279,859</u>	<u>\$ 22,072</u>	<u>\$ (186,314)</u>	<u>\$ 115,617</u>
Balance at January 1, 2017	232,689,292	\$289,549	\$22,195	\$(190,059)	\$121,685
Share based compensation (Note 8)	-	-	152	-	152
Share issue costs	-	(27)	-	-	(27)
Net loss for the period	-	-	-	(293)	(293)
Balance at September 30, 2017	<u>232,689,292</u>	<u>\$ 289,522</u>	<u>\$ 22,347</u>	<u>\$ (190,352)</u>	<u>\$ 121,517</u>

See accompanying notes to the condensed consolidated interim financial statements.

BNK PETROLEUM INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30
(Unaudited, Expressed in Thousands of United States Dollars)

	2017	2016
<i>Cash flows from operating activities</i>		
Net income (loss) from continuing operations	\$ 489	\$ (6,528)
Adjustments for:		
Depletion and depreciation	3,603	4,381
Accretion of asset retirement obligations	20	15
Unrealized gain on financial commodity contracts	(883)	5,965
Share based compensation (Note 8)	131	506
Unrealized foreign exchange gain	(13)	(38)
Amortization of loan acquisition costs	341	109
Loss (income) from sale of assets	-	5
Change in non-cash working capital (Note 4)	(680)	1,145
Net cash from operating activities from continuing operations	3,008	5,560
Discontinued operations (Note 10)	(636)	(834)
Net cash from operating activities	2,372	4,726
<i>Cash flows from investing activities</i>		
Additions to property, plant and equipment	(18,969)	(746)
Proceeds from sale of assets	-	5
Change in non-cash working capital (Note 4)	5,459	(119)
Net cash from investing activities from continuing operations	(13,510)	(860)
Discontinued operations (Note 10)	111	16
Net cash used in investing activities	(13,399)	(844)
<i>Cash flows from financing activities</i>		
Proceeds from loans and borrowings	23,505	-
Share issue costs	(27)	-
Repayment of long term debt	(20,500)	(3,900)
Net cash from (used in) financing activities	2,978	(3,900)
<i>Foreign exchange effect on cash and cash equivalents</i>	13	29
<i>Change in cash and cash equivalents</i>	(8,036)	11
Cash and cash equivalents, beginning of period	11,101	1,666
<i>Cash and cash equivalents, end of period</i>	\$ 3,065	\$ 1,677

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited, expressed in Thousands of United States dollars except per share information)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

BNK Petroleum Inc. (the “Company” or “BNK”), was incorporated under the Business Corporations Act (British Columbia) on May 6, 2008. BNK is an international energy company listed on the Toronto Stock Exchange (TSX). The Company is focused on the acquisition, exploration, and production of oil and gas reserves. In the United States, BNK has producing properties concentrated in Oklahoma.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” following the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2016. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company’s annual filings for the year ended December 31, 2016.

The condensed interim consolidated financial statements were approved by the Company’s Board of Directors on November 9, 2017.

2. NEW ACCOUNTING STANDARDS

The IASB issued IFRS 9, “Financial Instruments”, which is the first phase of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial asset and liabilities with a single model that has only two classification categories: amortized cost and fair value. The standard is effective for the Company for annual periods beginning on January 1, 2018, with required retrospective application and early adoption permitted. The Company is currently evaluating the impact of adopting this new standard. BNK does not currently apply hedge accounting to its financial instruments commodity contracts. Management is currently assessing the potential impact on transition to IFRS 9 as well as reviewing the required disclosures.

In May 2014, the IASB published IFRS 15 “Revenue from Contracts with Customers,” to replace IAS 18 “Revenue,” which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard is effective for the Company for annual periods beginning on January 1, 2018, with required retrospective application and early adoption permitted. The Company is currently in the process of identifying and reviewing underlying revenue contracts with customers to determine the impact if any of adopting this new standard. Management is currently assessing the potential impact on transition to IFRS 15 as well as reviewing the required disclosures.

In January 2016, the IASB issued the complete IFRS 16 Leases (“IFRS 16”) which replaces IAS 17, Leases. The effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019 and early adoption is permitted. Under IFRS 16, a single recognition and measurement model will apply for lessees which will require recognition of assets and liabilities for most leases. The extent of the impact of adoption of the standard has not yet been determined.

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3. FINANCIAL RISK MANAGEMENT

Credit Risk

The Company's accounts receivable are with customers and joint interest partners in the petroleum and natural gas business and are subject to normal credit risks. Concentration of credit risk is mitigated by marketing to numerous purchasers under normal industry sale and payment terms. The Company routinely assesses the financial strength of its customers. The Company is exposed to certain losses in the event of non-performance by counterparties to commodity price contracts. The Company mitigates this risk by entering into transactions with highly rated financial institutions.

Commodity price risk

The Company has entered into financial commodity contracts which are summarized in the table below. Total Volume Hedged in the table is the annual volumes and Price is the fixed price specified in the financial commodity contracts.

At September 30, 2017 the following financial commodity contracts were outstanding and recorded at estimated fair value:

Commodity	Period	Total Volume Hedged (BBL/MMBTU)	Price (\$/BBL or \$/MMBTU)
Oil - WTI	October 1, 2017 to December 31, 2017	30,671	\$60.13
Oil - WTI	January 1, 2018 to January 31, 2018	8,818	\$60.13
Oil - WTI	January 1, 2018 to December 31, 2018	89,892	\$54.70
Oil - WTI	October 1, 2017 to December 31, 2017	2,900	\$48.40
Oil - WTI	January 1, 2018 to December 31, 2018	25,460	\$48.40
Oil - WTI	January 1, 2019 to December 31, 2019	102,010	\$48.40
Oil - WTI	January 1, 2020 to April 30, 2020	30,920	\$48.40
Oil - WTI	October 1, 2017 to December 31, 2017	1,204	\$51.55
Oil - WTI	January 1, 2018 to December 31, 2018	4,218	\$51.55
Oil - WTI	January 1, 2019 to October 31, 2019	3,307	\$51.55
Oil - WTI	October 1, 2017 to December 31, 2017	9,000	\$52.00
Oil - WTI	February 1, 2018 to November 30, 2018	20,000	\$51.07
Gas - Henry Hub	October 1, 2017 to December 31, 2017	27,773	\$3.06
Gas - Henry Hub	January 1, 2018 to January 31, 2018	7,983	\$3.06
Gas - Henry Hub	October 1, 2017 to November 30, 2017	7,804	\$2.80
Gas - Henry Hub	January 1, 2018 to December 31, 2018	116,772	\$2.90
Gas - Henry Hub	October 1, 2017 to November 30, 2017	3,923	\$2.93
Gas - Henry Hub	February 1, 2018 to December 31, 2018	50,629	\$2.93
Gas - Henry Hub	January 1, 2019 to December 31, 2019	138,883	\$2.93
Gas - Henry Hub	January 1, 2020 to March 31, 2020	31,571	\$2.93

Notes to the Condensed Interim Consolidated Financial Statements
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Gas - Henry Hub	October 1, 2017 to November 30, 2017	2,202	\$2.91
Gas - Henry Hub	February 1, 2018 to December 31, 2018	10,945	\$2.91
Gas - Henry Hub	January 1, 2019 to September 30, 2019	7,911	\$2.91

The estimated fair value of a \$0.1 million asset as at September 30, 2017 (December 31, 2016: \$0.8 million liability) for the financial oil and gas contracts has been determined based on the prospective amounts that the Company would receive or pay to terminate the contracts, consisting of current assets of \$0.4 million and long term liabilities of \$0.3 million (December 31, 2016: current asset of \$0.7 million and current liability of \$1.4 million).

The realized and unrealized gains/losses from the financial commodity contracts are as follows:

	Three months ended		Nine months ended	
	September 30,		June 30,	
	2017	2016	2017	2016
Realized gain on financial commodity contracts	\$ <u>392</u>	\$ <u>909</u>	\$ <u>1,465</u>	\$ <u>3,550</u>
Unrealized gain (loss) on financial commodity contracts	\$ <u>(1,269)</u>	\$ <u>(445)</u>	\$ <u>883</u>	\$ <u>(5,965)</u>

The Company classifies fair value measurements according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

The Company's cash and cash equivalents are classified as Level 1 and the commodity derivative contracts are classified as Level 2.

Notes to the Condensed Interim Consolidated Financial Statements
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4. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash flow working capital is comprised of:

	<u>2017</u>	<u>2016</u>
Trade and other receivables	\$ (674)	\$ 1,281
Deposits and prepaid expenses	(12)	76
Trade and other payables	5,466	(336)
Foreign currency	(1)	5
	<u>\$ 4,779</u>	<u>\$ 1,026</u>
Related to operating activities	<u>\$ (680)</u>	<u>\$ 1,145</u>
Related to investing activities	<u>\$ 5,459</u>	<u>\$ (119)</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Oil and Natural Gas Interests	Processing and Other Equipment	Total
Cost or deemed cost			
Balance at January 1, 2016	\$ 153,205	\$ 2,029	\$ 155,234
Additions	2,605	60	2,665
Dispositions	-	(327)	(327)
Balance at December 31, 2016	<u>\$ 155,810</u>	<u>\$ 1,762</u>	<u>\$ 157,572</u>
Additions	19,101	2	19,103
Disposals	-	(426)	(426)
Balance at September 30, 2017	<u>\$ 174,911</u>	<u>\$ 1,338</u>	<u>\$ 176,249</u>
Accumulated depletion and depreciation			
Balance at January 1, 2016	\$ 17,648	\$ 1,353	\$ 19,001
Depletion and depreciation for the period	5,124	125	5,249
Dispositions	-	(154)	(154)
Balance at December 31, 2016	<u>\$ 22,772</u>	<u>\$ 1,324</u>	<u>\$ 24,096</u>
Depletion and depreciation for the period	3,556	47	3,603
Disposals	-	(201)	(201)
Balance at September 30, 2017	<u>\$ 26,328</u>	<u>\$ 1,170</u>	<u>\$ 27,498</u>
Net carrying amounts			
At December 31, 2016	<u>\$ 133,038</u>	<u>\$ 438</u>	<u>\$ 133,476</u>
At September 30, 2017	<u>\$ 148,583</u>	<u>\$ 168</u>	<u>\$ 148,751</u>

Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited, expressed in Thousands of United States dollars except per share information)

6. EARNINGS PER SHARE

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Basic Earnings per share				
Net loss	\$ <u>(1,333)</u>	\$ <u>(843)</u>	\$ <u>(293)</u>	\$ <u>(7,403)</u>
Weighted average number of common shares - basic	<u>232,689</u>	<u>162,689</u>	<u>232,689</u>	<u>162,689</u>
Net loss per share – basic	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>	<u>(0.00)</u>	\$ <u>(0.05)</u>
Diluted earnings per share				
Net loss	\$ <u>(1,333)</u>	\$ <u>(843)</u>	\$ <u>(293)</u>	\$ <u>(7,403)</u>
Effect of outstanding options	<u>(a)</u>	<u>(a)</u>	<u>(a)</u>	<u>(a)</u>
Weighted average number of common shares - diluted	<u>232,689</u>	<u>162,689</u>	<u>232,689</u>	<u>162,689</u>
Net income (loss) per share – diluted	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>	\$ <u>(0.00)</u>	\$ <u>(0.05)</u>

(a) All options and warrants are anti-dilutive as the Company incurred a net loss in this period.

7. LOANS AND BORROWINGS

In June 2017, the Company's US subsidiary obtained a new \$75 million credit facility from BOK Financial, which is secured by the US subsidiary's interests in the Tishomingo Field. The credit facility has an initial commitment amount of \$25.0 million and is intended to fund the drilling of the Caney wells in the Tishomingo Field. The interest rate on the new facility is calculated based on usage under two separate tranches. The first tranche bears interest at a per annum rate equal to LIBOR plus a margin ranging from 3% to 4%, depending on the borrowing base utilization amount, which is \$20 million of the initial commitment amount. The second tranche with a \$5 million initial commitment amount, bears interest at a per annum rate equal to LIBOR plus 6%. The facility provides for interest only payments until the June 2022 maturity date when the principal amount is due. Additional commitment amounts will be subject to new reserve evaluations. The Credit Facility is subject to a semi-annual review and redetermination of the borrowing base. Any redetermination of the borrowing base is effective immediately and if the borrowing base is reduced, the Company has six months to repay any shortfall. BOK Financial is currently in the process of its regularly scheduled borrowing base review.

In June 2017, the US subsidiary borrowed \$21.0 million of the initial commitment at the origination of the loan to payoff the \$20.5 million that was outstanding on its previous credit facility and to fund loan acquisition costs. In August 2017, the US subsidiary borrowed an additional \$3.0 million of the initial commitment amount. In November 2017, subsequent to the end of the quarter, the US

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subsidiary borrowed the remaining \$1.0 million of the initial commitment amount. Primary debt covenants of the facility require the US subsidiary to maintain a positive working capital balance which includes any unused excess borrowing capacity (the “Current Ratio”) and to ensure the ratio of outstanding debt and long-term liabilities to an annualized quarterly adjusted EBITDA amount (the “Maximum Leverage Ratio”) be no greater than 4 to 1 at any quarter end. Adjusted EBITDA is defined as net income excluding interest expense, depreciation, depletion and amortization expense, and other non-cash charges including stock based compensation expense and unrealized gains or losses on commodity contracts.

In September 2017, the US subsidiary obtained a waiver of the positive working capital balance for September 30, 2017 only. This waiver was obtained to complete the fracture stimulation operations of the Brock 9-2H well at the end of the quarter. The ability to meet this covenant for December 31, 2017 depends on the performance of the new wells that came into production in September and October. The Company expects to be in compliance with this covenant at December 31, 2017. The Company was in compliance with the Maximum Leverage Ratio covenant for the quarter ended September 30, 2017. At September 30, 2017, the Current Ratio of the US Subsidiary was 0.76 to 1.0 and the Maximum Leverage Ratio was 3.13 to 1.0 for the three months ended September 30, 2017.

At September 30, 2017 loans and borrowings of \$24.0 million (December 31, 2016: \$20.5 million) are presented net of loan acquisition costs of \$0.4 million (December 31, 2016: \$0.3 million).

8. SHARE BASED COMPENSATION

The Company has an option program that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options are generally granted at the market price of the shares at the date of grant, have a five year term and vest over two years.

The number and weighted average exercise prices of share options are as follows:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	10,745,833	\$ 0.71	8,893,666	\$ 0.89
Exercised during the period	-	-	-	-
Cancelled during the period	(489,000)	1.18	(1,882,833)	0.88
Granted during the period	-	-	3,570,000	0.40
Outstanding at September 30	10,256,833	\$ 0.69	10,580,833	\$ 0.73
Exercisable at September 30	8,966,831	\$ 0.73	6,878,333	\$ 0.86
Weighted average share price on date of exercise	-	\$ -	-	\$ -

Notes to the Condensed Interim Consolidated Financial Statements
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The range of exercise prices of the outstanding stock options is as follows:

Range of exercise prices	Number of O/S stock options	Weighted average exercise price	Weighted average contractual life (years)
\$2.01 to \$2.50	125,000	\$ 2.04	1.5
\$1.51 to \$2.00	1,167,000	\$ 1.72	1.2
\$0.50 to \$1.00	5,394,833	\$ 0.63	1.9
\$0.01 to \$0.49	3,570,000	\$ 0.39	3.6
	<u>10,256,833</u>	<u>\$ 0.69</u>	<u>2.4</u>

Share based compensation was recorded as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Expensed	<u>\$ 44</u>	<u>\$ 144</u>	<u>\$ 131</u>	<u>\$ 506</u>
Capitalized	<u>\$ 7</u>	<u>\$ 24</u>	<u>\$ 21</u>	<u>\$ 87</u>

9. COMMITMENTS

The Urraca concession application in Spain outlined the annual work programs in each year of the five year concession term, including the drilling of a total of nine wells on the concession. However, the concession application stipulated that failure to drill the required wells in the time indicated in the concession application would not constitute a default of the concession requirements if required permits are not approved by the government in a timely fashion. A failure to meet work commitments without obtaining an extension, suspension, or another arrangement may result in the loss of the applicable concession. The Company understands that there may be circumstances in which a failure to meet work commitments could result in liability in regard to the unperformed current year work commitments. The five year term of the Urraca concession expired in September 2016. In November 2016, the Company filed the paperwork with the Spanish government to relinquish this concession and is awaiting the government's processing of the paperwork.

10. DISCONTINUED OPERATIONS

In Poland, the Company has relinquished its last remaining concession and decided to shutdown all operations. In Spain, the Company is in the process of relinquishing its Sedano concession and the Urraca concession expired in September 2016. Since the Company plans to either liquidate or sell all of its European assets, the Company has reclassified all of its European operations as discontinued operations.

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Net loss from discontinued operations is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Other income	\$ -	\$ -	\$ 1	\$ 376
General & administrative expense	(185)	(331)	(547)	(1,287)
Depreciation	-	(11)	-	(43)
Loss on sale of assets	-	-	(146)	(53)
Foreign currency gain (loss)	(5)	14	(90)	132
	<u>\$ (190)</u>	<u>\$ (328)</u>	<u>\$ (782)</u>	<u>\$ (875)</u>

11. SEGMENTED INFORMATION

The Company defines its reportable segments based on the countries where it conducts business. The countries included in Other are Poland, Spain, Germany, France and The Netherlands.

Three months ended September 30, 2017

	United	Canada	Other	Total
	States			
Oil and natural gas revenues, net of royalties	\$ 2,898	\$ -	\$ -	\$ 2,898
Other income	(24)	-	-	(24)
	<u>2,874</u>	<u>-</u>	<u>-</u>	<u>2,874</u>
Production and operating expenses	589	-	-	589
Depletion and depreciation	1,408	-	-	1,408
General and administrative expenses	687	105	-	792
Share based compensation	14	30	-	44
	<u>2,698</u>	<u>135</u>	<u>-</u>	<u>2,833</u>
Finance income	392	4	-	396
Finance expense	(1,580)	-	-	(1,580)
Net loss from continuing operations	\$ (1,012)	\$ (131)	\$ -	\$ (1,143)
Discontinued operations	-	-	(190)	(190)
Net loss	<u>(1,012)</u>	<u>(131)</u>	<u>(190)</u>	<u>(1,333)</u>
Assets	\$ <u>154,326</u>	\$ <u>178</u>	\$ <u>124</u>	\$ <u>154,628</u>
Capital expenditures	\$ <u>7,485</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,485</u>

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited, expressed in Thousands of United States dollars except per share information)

11. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2017			
	<u>United States</u>	<u>Canada</u>	<u>Other</u>	<u>Total</u>
Oil and natural gas revenues, net of royalties	\$ 7,548	\$ -	\$ -	\$ 7,548
Other income	(23)	75	-	52
	<u>7,525</u>	<u>75</u>	<u>-</u>	<u>7,600</u>
Production and operating expenses	1,610	-	-	1,610
Depletion and depreciation	3,603	-	-	3,603
General and administrative expenses	2,328	397	-	2,725
Share based compensation	41	90	-	131
	<u>7,582</u>	<u>487</u>	<u>-</u>	<u>8,069</u>
Finance income	2,363	13	-	2,376
Finance expense	(1,418)	-	-	(1,418)
Net income (loss) from continuing operations	\$ 888	\$ (399)	\$ -	\$ 489
Discontinued operations	-	-	(782)	(782)
Net income (loss)	<u>888</u>	<u>(399)</u>	<u>(782)</u>	<u>(293)</u>
Assets	\$ <u>154,326</u>	\$ <u>178</u>	\$ <u>124</u>	\$ <u>154,628</u>
Capital expenditures	\$ <u>18,969</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,969</u>

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited, expressed in Thousands of United States dollars except per share information)

11. SEGMENTED INFORMATION (continued)

Three months ended September 30, 2016

	<u>United States</u>	<u>Canada</u>	<u>Other</u>	<u>Total</u>
Oil and natural gas revenues, net of royalties	\$ 2,321	\$ -	\$ -	\$ 2,321
Other income	<u>1</u>			<u>1</u>
	<u>2,322</u>	<u>-</u>	<u>-</u>	<u>2,322</u>
Production and operating expenses	570	-	-	570
Depletion and depreciation	1,286	-	-	1,286
General and administrative expenses	787	85	-	872
Share based compensation	<u>94</u>	<u>50</u>	<u>-</u>	<u>144</u>
	<u>2,737</u>	<u>135</u>	<u>-</u>	<u>2,872</u>
Finance income	923	(8)	-	915
Finance expense	<u>(880)</u>	<u>-</u>	<u>-</u>	<u>(880)</u>
Net loss from continuing operations	\$ (372)	\$ (143)	\$ -	\$ (515)
Discontinued operations	<u>-</u>	<u>-</u>	<u>(328)</u>	<u>(328)</u>
Net loss	<u>(372)</u>	<u>(143)</u>	<u>(328)</u>	<u>(843)</u>
Assets	\$ <u>137,782</u>	\$ <u>273</u>	\$ <u>1,392</u>	\$ <u>139,447</u>
Capital expenditures	\$ <u>208</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>208</u>

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited, expressed in Thousands of United States dollars except per share information)

11. SEGMENTED INFORMATION (continued)

	Nine months ended September 30, 2016			
	<u>United States</u>	<u>Canada</u>	<u>Other</u>	<u>Total</u>
Oil and natural gas revenues, net of royalties	\$ 6,828	\$ -	\$ -	\$ 6,828
Other income	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
	<u>6,830</u>	<u>-</u>	<u>-</u>	<u>6,830</u>
Production and operating expenses	1,693	-	-	1,693
Depletion and depreciation	4,381	-	-	4,381
General and administrative expenses	2,619	283	-	2,902
Share based compensation	<u>179</u>	<u>327</u>	<u>-</u>	<u>506</u>
	<u>8,872</u>	<u>610</u>	<u>-</u>	<u>9,482</u>
Finance income	3,554	6	-	3,560
Finance expense	<u>(7,436)</u>	<u>-</u>	<u>-</u>	<u>(7,436)</u>
Net loss from continuing operations	\$ (5,924)	\$ (604)	\$ -	\$ (6,528)
Discontinued operations	<u>-</u>	<u>-</u>	<u>(875)</u>	<u>(875)</u>
Net loss	<u>(5,924)</u>	<u>(604)</u>	<u>(875)</u>	<u>(7,403)</u>
Assets	\$ <u>137,782</u>	\$ <u>273</u>	\$ <u>1,392</u>	\$ <u>139,447</u>
Capital expenditures	\$ <u>746</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>746</u>