

## INDEPENDENT AUDITOR'S REPORT

To: The shareholders of IndOil Global B.V.

### **A. Report on the audit of the financial statements for the year ended 31 March 2020 included in the annual report**

#### **Our opinion**

We have audited the financial statements for the year ended 31 March 2020 of IndOil Global B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IndOil Global B.V. as at 31 March 2020 and of its result for the year ended 31 March 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 March 2020;
2. the consolidated and company profit and loss account for the year ended 31 March 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of IndOil Global B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance/supervisory board regarding, among

other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 22 June 2020

Hoogachtend,

Londen & Van Holland  
Registeraccountants en Belastingadviseurs

drs. K.J. Schouten RA



**Indoil Global B.V.**

located, Amsterdam

Report on the annual accounts  
**1 April 2019 until 31 March 2020**

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**Consolidated financial statements**

**Indoil Global B.V.**  
**Amsterdam**

**Consolidated balance sheet as at 31 March 2020**  
*(Before proposal appropriation of result)*

		31-03-2020		31-03-2019	
		CAD	CAD	CAD	CAD
<b>Assets</b>					
<b>Fixed assets</b>					
<i>Tangible fixed assets</i>					
	1				
Plant and equipment		724.469.238		722.838.506	
Exploration & evaluation assets		262.003.159		651.680.356	
		986.472.397		1.374.518.862	
<i>Financial fixed assets</i>					
Investment in Falcon Oil & Gas B.V.	2 3		313.296.183		271.738.102
<b>Current assets</b>					
<i>Receivables</i>					
Trade receivables	4	57.656.683		98.110.282	
Other accounts receivable	5	-		3.768.148	
Accruals and prepaid expenses	6	68.306		45.583	
		57.724.989		101.924.013	
<i>Cash &amp; Cash equivalents</i>	7		13.853.353		23.668.225
		1.371.346.922		1.771.849.202	



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		31-03-2020		31-03-2019	
		CAD	CAD	CAD	CAD
<b>Liabilities</b>					
<b>Group equity</b>	8		803.630.863		1.217.946.729
<b>Long-term liabilities</b>	9				
Amounts owed to credit institutions	10	477.202.301		297.758.455	
Other long-term liabilities	11	27.987.426		35.035.439	
			505.189.727		332.793.894
<b>Account payable &amp; Other liabilities</b>	12				
Current portion long term loan		-		116.393.379	
Accounts payable		1.203.116		1.594.667	
Company tax		254.365		3.044	
Other liabilities and accrued expenses		61.068.851		103.117.489	
			62.526.332		221.108.579
			<u>1.371.346.922</u>		<u>1.771.849.202</u>

Consolidated profit and loss account for the period 01-04-2019 until 31-03-2020

		2019 / 2020		2018 / 2019	
		CAD	CAD	CAD	CAD
<b>Net Turnover</b>	13	437.935.818		399.545.858	
Cost of sales	14	-399.296.637		-358.246.536	
			38.639.181		41.299.322
<b>Gross margin</b>					
Exploration & Production expenses	15	39.263.972		44.109.557	
Personnel expenses	16	479.961		745.136	
Depreciation of (in)tangible fixed assets	17	437.440.387		39.029.315	
Accretion of decommissioning liability	18	674.572		833.496	
Other operating expenses	19	1.197.679		1.033.906	
			479.056.571		85.751.410
<b>Total operating expenses</b>					
			-440.417.390		-44.452.088
<b>Operating result</b>					
Financial income and expense	20		-15.205.454		-15.286.551
<b>Consolidated result of ordinary activities before taxation</b>			-455.622.844		-59.738.639
Taxation			-251.103		-3.044
			-455.873.947		-59.741.683
Share in result of participations	21		41.558.081		34.263.289
<b>Net consolidated results after taxation</b>			-414.315.866		-25.478.394
<b>Accumulated result legal entity</b>			-414.315.866		-25.478.394

	2019 / 2020		2018 / 2019	
	CAD	CAD	CAD	CAD
<b>Consolidated cash flow statement for the period 01-04-2019 until 31-03-2020</b>				
<b>Cash flow from operating activities</b>				
Operating result		-440.417.390		-44.452.088
<i>Adjustments for</i>				
Depreciation of (in)tangible fixed assets	437.440.387		39.026.510	
Accretion of decommissioning liability	674.572		833.496	
Result of participations not through participations	-		581.603	
Settlement of decommissioning liability	-		-339.607	
		<u>438.114.959</u>		<u>40.102.002</u>
<i>Changes in working capital</i>				
Trade receivables	40.453.599		-98.088.194	
Other accounts receivable	3.768.148		6.666.261	
Accruals and prepaid expenses	-22.723		-24.080	
Movements securities	911.191		25.852	
Current liabilities, accruals and deferred income (excluding banks)	-158.582.247		91.106.025	
		<u>-113.472.032</u>		<u>-314.136</u>
<b>Cash flow from business activities</b>		<u>-115.774.463</u>		<u>-4.664.222</u>
Interest received	632.424		304.585	
Interest paid	-16.749.069		-15.616.988	
Taxation	-251.103		-3.044	
		<u>-16.367.748</u>		<u>-15.315.447</u>
<b>Cash flow from operating activities</b>		<u>-132.142.211</u>		<u>-19.979.669</u>
<b>Cash flow from investment activities</b>				
Investments in tangible assets	-99.570.817		-30.667.157	
Investments in financial fixed assets	-		-13.645.868	
Disposal of tangible fixed assets	50.176.895		18.704.230	
Disposal of financial fixed assets	-		12.013.005	
<b>Cash flow from investment activities</b>		<u>-49.393.922</u>		<u>-13.595.790</u>
<b>Cash flow from financing activities</b>				
Receipts from issuance of share capital	-		15.000.000	
Share premium in financial year	-		28.722.072	
Receipts from long-term liabilities	426.771.098		3.957.552	
Repayments to long-term liabilities	-254.375.265		2.482.000	
Correction: Accretion of decommissioning liabilities	-674.572		-833.496	
<b>Cash flow from financing activities</b>		<u>171.721.261</u>		<u>49.328.128</u>
<b>Movements cash</b>		<u><u>-9.814.872</u></u>		<u><u>15.752.669</u></u>

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**Amsterdam**

	2019 / 2020	2018 / 2019
	CAD	CAD
<b>Turnover movement cash and cash equivalents</b>		
Balance as at beginning of financial year	23.668.225	7.915.556
Movements during financial year	-9.814.872	15.752.669
Balance as at financial year end	<u>13.853.353</u>	<u>23.668.225</u>

**Indoil Global B.V.**  
**Amsterdam**

## **Notes to the financial statements of the consolidated annual report**

### ***Entity information***

#### **Registered address and registration number trade register**

The registered and actual address of Indoil Global B.V. is Strawinskylaan 937, 1077 XX in Amsterdam The Netherlands. Indoil Global B.V. is registered at the trade register under number 60092939.

#### ***General notes***

#### **The most important activities of the entity**

The activities of Indoil Global B.V. and its group companies consist mainly of act as a holding company and purchase/sale of Crude oil and sell acquire, develop and produce natural gas and natural gas liquids.

#### **Disclosure of estimates**

In applying the principles and policies for drawing up the financial statements, the directors of Indoil Global B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

#### **Disclosure of consolidation**

Indoil Global B.V. prepared consolidated Dutch GAAP financial statements of IndOil Global B.V. and its subsidiary, IndOil Montney Ltd. and its joint venture Falcon Oil & Gas B.V. These consolidated financial statements are also the statutory financial statements of the Company.

#### **The policies for consolidation**

The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

#### ***General accounting principles***

#### **The accounting standards used to prepare the financial statements**

The consolidated financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

### ***Accounting principles***

#### **Property, plant and equipment**

The Company's property, plant and equipment primarily consists of oil and natural gas development and production assets. Property, plant and equipment is stated at cost, less accumulated depletion, depreciation, amortization and accumulated impairment losses. Development and production assets represent the cost of developing the commercial reserves and initiating production and are accumulated into major area cost centres for purposes of determining depletion, depreciation, impairment decommissioning and other financial measurements.

#### **Capitalization, Recognition and Measurement**

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The capital cost of an asset is the aggregate of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning provision, and for qualifying assets, borrowing costs. For acquired assets or businesses, the purchase price is the aggregate amount paid and the fair value of any other consideration given up to acquire the asset or business. Expenditures on major maintenance, inspections or overhauls and well workovers are capitalized when the item enhances the life or performance of an asset above its original standard. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the replacement item will flow to the Company, the replacement expenditure is capitalized and the carrying amount of the replaced asset is charged to the statement of income and comprehensive income.

When an item of property, plant and equipment is disposed of, or when there are no net future economic benefits expected from the continued use of the asset, the asset is removed from the accounts.

#### **Exploration and Evaluation Expenditures**

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Oil and gas exploration and evaluation costs incurred before acquiring the legal right to explore in an area (pre-license costs) are recognized in the statement of income (loss) and comprehensive income (loss). Costs incurred after the legal right to explore an area has been obtained, and before technical feasibility and commercial viability of the area have been established, are capitalized as E&E assets on an area by area basis. These costs include license acquisition, geological and geophysical, drilling, sampling, decommissioning and other directly attributable internal costs.

E&E assets are not depreciated and are capitalized until technical feasibility and commercial viability of the area is determined, or the assets are determined to be impaired. Once technical feasibility and commercial viability have been established for an area, the carrying value of the E&E assets associated with that area are tested for impairment. The carrying value, net of any impairment loss, is then reclassified from E&E to development and production. If reserves are not identified, these costs are expensed in the statement of income (loss) and comprehensive income (loss).

#### **Development and Production Expenditures**

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Property, plant and equipment, which includes petroleum and natural gas development and production assets, is measured at cost (including directly attributable general and administration costs) less accumulated depletion and depreciation and accumulated impairment losses. Cost includes lease acquisition, drilling and completion, production facilities, decommissioning costs, geological and geophysical costs and directly attributable costs related to development and production activities, net of any government incentive programs.

#### Asset Swaps and Exchanges

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Exchanges of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. Any gain or loss on derecognition of the asset given up is recognized in the statement of income and comprehensive income. For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at carrying value.

#### Depletion, Depreciation and Amortization

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Proved property acquisition costs and proved property well and development costs are depleted on a unit-of-production basis. Proved property acquisition costs are depleted over total proved reserves and costs related to area cost centres for petroleum and natural gas properties are depleted on the total proved developed reserves allocated to the area.

The net carrying value of oil and gas properties is depleted using the unit of production method by reference to the ratio of production in the period to the related total proved reserves and proved developed reserves as per the most recent reserve reports prior to the reporting date. Total proved reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Petroleum and natural gas assets are not depleted until commercial production commences in the Cash Generating Unit (CGU) that they are allocated to.

Other capitalized costs, such as pipelines, facilities, and office furniture and fixture, lease hold improvements and computer equipment are depreciated principally using the straight-line method based on the estimated useful life of the assets. The Company determines the average useful lives to be 25 years for pipelines and processing facilities, 5 years for office furniture and fixture and lease hold improvements, and 3 years for computer equipment.

Depreciation methods, useful and residual values are reviewed at each financial year end and adjustments relating to changes in estimates are recorded prospectively.

#### **Impairment of property, plant and equipment**

At each reporting period the Company assesses whether there are indicators of impairment for its PP&E. If indicators exist, the Company determines if the recoverable amount of the asset or CGU is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs. If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in net income in depletion expense. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model. The Company uses the present value of the CGU's estimated future cash flows from both proved and probable reserves in its fair value model. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in net income. The recovery is limited to the original carrying amount less depletion and depreciation that would have been recorded had the asset not been impaired.

All impairment losses are recognized in the statement of income and comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

E&E costs are subject to regular technical, commercial and management review to confirm the continued intent to develop the resources. If an area is determined to no longer be technically feasible or commercially viable and Management decides not to continue the exploration and evaluation activity, the unrecoverable costs are charged to exploration expense in the period in which the determination occurs. Any gains or losses from the divestiture of E&E assets are recognized in statement of income and comprehensive income. The Company includes E&E assets with producing assets as one CGU grouping for the purpose of impairment testing.

#### **Investments in group companies**

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Indoil Global B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated profit and loss account.

#### **Receivables**

Accounts receivable and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's accounts receivable are comprised of accounts receivable which are included in current assets due to their short-term nature as are deposits, cash and cash equivalents, and cash call receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with maturities of three months or less from inception.

#### **Non-current liabilities**

Financial liabilities at amortized cost include accounts payables and the Company's term loan. Accounts payables are initially recognized at fair value. Subsequently, accounts payables are measured at amortized cost using the effective interest rate method. Financial liabilities are classified as current liabilities if payment is due within



twelve months. Otherwise, they are classified as non-current liabilities.

### **Non-current other payables**

#### **Decommissioning Liabilities**

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A decommissioning liability is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reasonably estimated, and it is probable that a future outflow of economic benefits will be required to settle the obligation. Decommissioning liabilities are determined by discounting the expected future cash flows at a risk-free rate at the reporting date. The obligation is recorded as a liability on a discounted basis using the relevant risk-free rate, with a corresponding increase to the carrying amount of the related asset.

Over time, the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the asset. Revisions to the discount rate, estimated timing or amount of future cash flows would also result in an increase or decrease to the decommissioning liability and related asset and the related earnings impact reported in current and future periods.

### **Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

### **Revenue recognition**

Revenue associated with the sales of natural gas, natural gas liquids ("NGLs") and crude oil owned by the Company is recognized when title passes from the Company to its customer. This generally occurs when product is physically transferred into a vessel, pipeline or other delivery mechanism.

### **Income tax expense**

Tax on the result is calculated based on the result before tax in the consolidated profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

### **Cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than twelve months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

**Notes to the consolidated balance sheet**

**Fixed assets**

**1 Tangible fixed assets**

	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>Property, plant and equipment</b>		
Petroleum and natural gas assets at cost	1.030.350.030	986.322.838
Other fixed assets	320.646	320.646
Accumulated depletion, depreciation, amortization and Impairment	-306.201.438	-263.804.978
Property, plant and equipment net carrying amount	<u>724.469.238</u>	<u>722.838.506</u>

Included in Plant and equipment is \$214 million (31 March 2019 - \$238 million) that is not subject to depletion. This portion relates to the probable portion of the purchase price allocation which is transferred to the depletable portion of acquisition cost on a straight-line basis over 12 years.

**Cost**

Balance as per 1 April	986.643.484	964.912.604
Additions	-	-
Dispositions	-43.927	-
Transfers from exploration and evaluation	50.176.894	18.606.824
Changes in decommissioning cost	-6.105.775	3.124.056
Balance as per 31 March	<u>1.030.670.676</u>	<u>986.643.484</u>

**Accumulated depletion**

Balance as per 1 April	-263.804.978	-224.778.468
Accumulated depletion associated with disposition	43.927	-
Depletion, depreciation, amortization and impairment	-42.440.387	-39.026.510
Total	<u>-306.201.438</u>	<u>-263.804.978</u>

PROPERTY, PLANT AND EQUIPMENT - Balance as per 31 March	724.469.238	722.838.506
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**Exploration and evaluation assets**

Balance as at 1 April	651.680.356	661.448.309
Additions	55.499.697	8.936.277
Dispositions	-	-97.406
Impairment	-395.000.000	-
Transfer to property, plant and equipment	-50.176.894	-18.606.824
Balance as at 31 March	<u>262.003.159</u>	<u>651.680.356</u>

## IMPAIRMENT

Impairment is assessed based on the recoverable amount compared with the asset's carrying amount to measure the amount of the impairment. In addition, where a non-financial asset does not generate largely independent cash inflows, the Company performs its test at a CGU, which is the smallest identifiable grouping of assets that generates largely independent cash inflows. The Company only has one CGU, the NMJV (North Montney Joint Venture) CGU.

### PPE impairment

For the year ended 31 March 2020 the Company identified indicators of impairment in its PPE assets in the NMJV CGU attributable to declines in natural gas and oil prices. The Company calculated the recoverable amount of the NMJV CGU based on forecasted cash flows from proved plus probable reserves using an 8.50% before-tax discount rate and a 10,00% before-tax discount rate for its contingent reserves. Based on the assessment, the carrying amount was lower than its recoverable amount. As such, no impairment loss was recognized on the NMJV PPE assets (31 March 2019 – NIL).

### E&E Impairment

For the year ended 31 March 2020, the Company identified indicators of impairment in its E&E assets from its NMJV attributable to declines in natural gas and natural gas liquids prices. The Company calculated the recoverable amount of the NMJV CGU based on forecasted cash flows from proved plus probable reserves using an 8,50% before-tax discount rate and a 10,00% before-tax discount rate for its contingent reserves. Based on the assessment as at 31 March 2020, the carrying amount of the Company's NMJV CGU E&E assets was higher than the recoverable amount, as such the Company has recognized an impairment loss of \$395 million (31 March 2019 – NIL).

The recoverable amount of the CGU was estimated based upon the higher of the value in use or FVLCD. In each case, the value in use methodology was used. In determining value in use, forecasted cash flows before-tax discount rate at 8,50% was used, with commodity price forecast, as obtained from the independent reserve report. The commodity price forecast was adjusted to reflect the current decline in oil and gas commodity prices.

The estimates of the recoverable amounts were determined based on the following information, as applicable:

- i. Proved plus probable reserves as estimated by the Company's independent reserves evaluator, and;
- ii. The commodity price forecast of the Company's independent reserves evaluator as noted below.

Below are the forward commodity price estimates used in the 31 March 2020 impairment test:

Year	AECO gas (\$/MMBtu)	Light crude oil (\$/Bbl)
2021	2.66	41.06
2022	2.43	51.40
2023	2.49	57.48
2024	2.55	60.41
2025	2.62	62.05
2026	2.67	63.32
2027	2.73	64.61
2028	2.79	65.92
2029	2.85	67.24
2030	2.91	68.89
Thereafter	2% per year	2% per year

The above commodity prices have been adjusted to reflect the current decline in oil and gas commodity prices.

A sensitivity analysis was performed on impairment based on a 1% increase and 1% decrease in the discount rates resulting in a \$142 million increase and \$175 million decrease in 31 March 2020 impairment, respectively.

## **2 Financial fixed assets**

### **North Montney Joint Venture (NMJV)**

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On 25 March 2014, the Company acquired assets via its subsidiary Indoil Montney Ltd. of British Columbia from a third party (Vendor) for consideration of \$1.12 billion (inclusive of the final statement of adjustments) and a contingent consideration of \$100 million (the Acquisition). The assets acquired consisted of producing properties, reserves, facilities, undeveloped land and a 9.999% interest in Pacific Northwest LNG Limited Partnership (the Partnership or PNW LNG LP).

### **Pacific NorthWest LNG Partnership (PNW)**

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The Partnership is engaged in a proposed liquefied natural gas liquefaction and export facility on Lelu Island within the District of Port Edward on land administered by the Port of Prince Rupert (the LNG project). The facility would liquefy and export natural gas produced in the northeastern British Columbia. At acquisition, the value attributed to the investment in the Partnership, which is classified as an available for sale financial asset, was \$ 17.5 million. On 25 July 2017, Pacific NorthWest LNG announced that the LNG Project will not proceed as previously planned due to the challenging environment brought about by the prolonged depressed prices and shifts in the energy industry. As a result, the Company wrote off the \$44 million cumulative capital investment in the LNG project. Additionally, the \$90 million contingent consideration liability associated with the final investment decision of the natural gas liquefaction facility was realized against income, as payment of the contingent consideration is no longer expected.

Progress Energy Canada Ltd ("PECL"), as operator of NMJV, entered into a Project Development Agreement ("PDA") with TransCanada to build the Prince Rupert Gas Transmission ("PRGT") Pipeline. PRGT was intended to transport gas to LNG Plant proposed to be built by PNW LNG on Lelu Island. Under the terms of the agreement PECL was required to reimburse TransCanada for costs incurred in relation to the PDA if positive FID would not happen, otherwise the costs would be included in tolls charged by TransCanada.

In relation to the LNG Project, PECL issued a Termination Letter dated 31 July 2017 to PRGT with an effective Termination Date of 10 August 2017. As per the PDA, the Corporation's share of expense reimbursed by PECL is \$60 million on account of expenditure incurred by PRGT for initial work related to approvals, technical design, studies for pipeline and interest on funds invested by PRGT related to work on the Pipeline Project. The Corporation received a six-month term loan facility in the amount of \$60 million from Sumitomo Mitsui Banking Corporation ("SMBC") to pay the pipeline capital cost. On March 27, 2018, the Corporation paid off the SMBC term loan including \$0.5 million interest expense with a capital contribution from Indoil Global B.V.'s ("Parent Corporation").

The cancelling of the PNW LNG project resulted in the write-off of the \$44 million investment in PNW, reversal of \$90 million contingent consideration, and \$60 million reimbursement to TCPL related to pipeline development in the financial year 2017/2018.

### **Pacific NorthWest LNG Limited (PNW Ltd)**

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PNW Ltd act as General Partner in LNG Project. At acquisition, the value attributed to the investment in the Company, which is classified as an available for sale financial asset, was \$ 0.10 Million. Due to closure of LNG Project, the Company wrote off the \$0.1 million investment in PNW Ltd. in the financial year 2017/2018.

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	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>3 Investment in Falcon Oil &amp; Gas B.V.</b>		
30% Participation in associated company Falcon Oil & Gas B.V.	313.296.183	271.738.102
	<u>313.296.183</u>	<u>271.738.102</u>
<b>30% Participation in associated company Falcon Oil &amp; Gas B.V.</b>		
Balance as at 1 April		
Participation	271.738.102	236.423.553
	<u>271.738.102</u>	<u>236.423.553</u>
Book value as at 1 April	271.738.102	236.423.553
	<u>271.738.102</u>	<u>236.423.553</u>
Movements		
Investments	-	13.645.868
Profit/(Loss)	21.632.093	24.609.141
Share of other comprehensive income	19.925.988	9.072.545
Dividend received	-	-12.013.005
	<u>41.558.081</u>	<u>35.314.549</u>
Balance movements	41.558.081	35.314.549
	<u>41.558.081</u>	<u>35.314.549</u>
Balance as at 31 March		
Participation	313.296.183	271.738.102
	<u>313.296.183</u>	<u>271.738.102</u>
Book value as at 31 March	313.296.183	271.738.102
	<u>313.296.183</u>	<u>271.738.102</u>

On 6 February 2018, Indoil Global B.V. entered into joint venture agreement with ONGC Nile Ganga B.V. and BPRL International Ventures B.V. to invest (30%) in a joint venture. The Company has a residual interest in Falcon Oil and Gas B.V.'s net assets. Accordingly, the Company has classified its interest in the investments as joint venture, which are equity-accounted.

The following summarises the financial information of the Company's joint ventures based on the financial statements as at 31 March 2020 (previous period 31 March 2019) prepared in accordance with IFRS and modified for differences for alignment to the Company's accounting policies.

Summarized financial information joint venture

**Summarized balance sheet**

Current assets	365.666.899	25.380.333
Non-current assets	1.061.442.652	915.211.251
Total assets	<u>1.427.109.551</u>	<u>940.591.584</u>
Current liabilities	157.081.979	137.912.593
Non-current liabilities	225.706.959	122.612.317
Total liabilities	<u>382.788.938</u>	<u>260.524.910</u>
Total Equity	1.044.320.613	905.793.674

	31-03-2020	31-03-2019
	CAD	CAD
<b>Summarized statement of comprehensive income for the period ended 31 March 2020</b>		
Revenue	1.316.414.874	1.325.916.356
Other income	3.415.612	2.272.118
Cost of sales	-414.486.493	-286.315.977
Expenses	-55.568.161	-141.048.870
Income tax expenses	-777.768.835	-819.689.371
Profit/loss for the year ended 31 March	72.006.997	81.134.256
Other comprehensive income	66.419.959	30.241.818
Total comprehensive income	<u>138.426.956</u>	<u>111.376.074</u>
<b>Reconciliation of summarised financial information</b>		
Opening balance net assets attributable to equity holders	905.793.676	794.417.601
Profit for the period	72.006.997	81.134.257
Other comprehensive income for the year ended	66.419.959	30.241.818
Correction previous year	99.979	-
Total	<u>1.044.320.611</u>	<u>905.793.676</u>
Investment in Joint Venture - Carrying Value - 30%	313.296.183	271.738.102
<b>Current assets</b>		
<b>Receivables</b>		
<b>4 Trade receivables</b>		
Trade receivables	8.239.433	17.954
To be invoiced	49.417.250	98.092.328
	<u>57.656.683</u>	<u>98.110.282</u>
<b>5 Other amounts receivable</b>		
Cash call receivable	-	3.768.148
	<u>-</u>	<u>3.768.148</u>
<b>6 Accruals and prepaid expenses</b>		
Accruals and prepaid expenses	68.306	45.583
	<u>68.306</u>	<u>45.583</u>
<b>7 Cash &amp; Cash equivalents</b>		
Current Account	13.833.695	14.311.221
Term Deposit Account (Short term investment)	19.658	9.357.004
	<u>13.853.353</u>	<u>23.668.225</u>
<b>8 Group equity</b>		

The shareholders' equity is explained in the notes to the non-consolidated balance sheet.

9 Long-term liabilities

	Balance as at 31 March 2020	Remaining pay-back time > 1 year	Remaining pay-back time > 5 year	Weighted average Inte- rest percenta- ge
	CAD	CAD	CAD	%
Amounts owed to credit institutions	477.202.301	477.202.301	-	2,80
Other long-term liabilities	27.987.426	27.987.426	27.987.426	-
<b>Total</b>	<b>505.189.727</b>	<b>505.189.727</b>	<b>27.987.426</b>	

10 Amounts owed to credit institutions

Term loan facilities	477.202.301	297.758.455
----------------------	-------------	-------------

	31-03-2020	31-03-2019
	CAD	CAD

Term loan facilities

Mizuho Bank Ltd - term loan facility	-	297.758.455
Bank of Nova Scotia - term loan facility	477.202.301	-

	477.202.301	297.758.455
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	2019 / 2020	2018 / 2019
	CAD	CAD

Mizuho Bank Ltd - term loan facility

Balance as at 1 April

Principal amount	411.669.834	411.669.834
Cumulative repayments	2.482.000	-

Balance as at 1 April	414.151.834	411.669.834
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Movements

Repayment	-415.579.834	2.482.000
Amortized debt issue costs	1.428.000	-

Balance movements	-414.151.834	2.482.000
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Balance as at 31 March

Principal amount	414.151.834	411.669.834
Cumulative repayments	-414.151.834	2.482.000
Current portion	-	-116.393.379

Balance as at 31 March	-	297.758.455
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Weighted average Interest percentage	2,80	2,89
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On 28 October 2014, Indoil Montney Ltd. received a term loan facility (the "Term Loan") in the amount of \$596,7 million from Mizuho Bank Ltd, Sumitomo Mitsui Banking and the Bank of Toyko-Mitsubishi UFJ (Canada). The Term Loan was available and was drawn upon until 6 February 2017 (the "Availability Period"), with each advance drawn maturing and being payable 5 years after the date the advance was drawn (the "Maturity Date"). On 20 December 2019, Indoil Montney Ltd. exercised its repayment option and repaid the term loan outstanding of \$416 million by 12 February 2020. For the year ended 31 March 2020, Indoil Montney Ltd. incurred \$10,6 million (31 March 2019 - \$12 million) in interest on the advances under the Term Loan.

**Mizuho Bank Ltd. - Term loan facility**

Long-term portion of term loan	-	299.186.455
Current portion of term loan	-	116.393.379
Unamortized debt issue costs	-	-1.428.000
		<u>414.151.834</u>
<b>Total</b>		<u><u>414.151.834</u></u>
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD

**Sumitomo Mitsui Banking Corporation - term loan facility**

Balance as at 1 April	-	-
	<u>-</u>	<u>-</u>
<b>Movements</b>		
Increase	-45.000.000	-
Repayment	45.000.000	-
	<u>-</u>	<u>-</u>
<b>Balance movements</b>		
Balance as at 31 March	-45.000.000	-
Principal amount	45.000.000	-
Cumulative repayments	<u>-</u>	<u>-</u>
<b>Balance as at 31 March</b>	<u><u>-</u></u>	<u><u>-</u></u>

On 21 May 2019, a Term Loan Facility Agreement was made between Indoil Montney Ltd. and Sumitomo Mitsui Banking Corporation (SMBC) for an aggregate amount of \$45 million. On 30 December 2019, Indoil Montney Ltd. paid off the \$45 million term loan balance in full. For the year ended 31 March 2020, Indoil Montney Ltd. incurred \$0,5 million (31 March 2019 - NIL) in interest on the advances under the Term Loan.



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	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>Bank of Nova Scotia - term loan facility</b>		
Balance as at 1 April	-	-
Movements		
Increase	<u>477.202.301</u>	-
Balance as at 31 March		
Principal amount	<u>477.202.301</u>	-
Balance as at 31 March	<u>477.202.301</u>	-

On 16 December 2019, Indoil Montney Ltd. received a term loan facility (the "Term Loan") in the amount of \$580 million from Bank of Baroda, State Bank of India, New York Branch, Sumitomo Mitsui Banking Corporation, Singapore Branch and BNS Asia Limited as original lenders of the facility and the Bank of Nova Scotia as the agent. The Term Loan is available until 26 February 2021, with each tranche drawn being payable in full 5 years after the date the tranche was drawn. Interest is calculated and paid every quarter. The rate of interest applicable to each Tranche shall be the percentage rate per annum which is the aggregate of a margin of 0.89% and the CDOR rate.

As per the term loan facility, Indoil Montney Ltd. (the borrower) is required to maintain a positive Total Net Worth. Total Net Worth means at any time the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Borrower and the amounts standing to the credit of the reserves of the Borrower. For the year ended 31 March 2020, Indoil Montney Ltd. was in compliance with the covenant.

The term loan and interest payable are guaranteed by the Ultimate Parent Company up to a maximum of \$609 million. A guarantee commission of 0,25% per annum is payable to the Ultimate Parent Company on the term loan balance outstanding every quarter.

For the year ended March 31, 2020, the Company incurred \$2.5 million (March 31, 2019 - NIL) in interest on the advances under the Term Loan.

**Bank of Nova Scotia - Term loan facility**

Long-term portion of term loan	487.000.000	-
Unamortized debt issue costs	-9.797.699	-
Total	<u>477.202.301</u>	-

	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>11 Other long-term liabilities</b>		
Decommissioning liability	27.987.426	35.035.439

**Decommissioning liability**

The Company's future asset retirement obligation was estimated by management based on the Company's net ownership interest in all oil and natural gas wells and facilities, for the estimated costs to reclaim and abandon these wells and facilities and the estimated timing to do so. Costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities and the discount rate applied in measuring the liability. The liability, the related asset and the expense are impacted by estimates with respect to the costs and timing of decommissioning.

The Company estimates its total undiscounted amount of cash flow required to settle its decommissioning liability is approximately \$43,7 million as at 31 March 2020 (31 March 2019 - \$55,1 million), which will be incurred over the remaining life of the assets with the majority of costs to be incurred in future periods. The estimated future cash flows have been discounted using a risk-free rate of approximately 1,32% (31 March 2019 – 1,76%) and adjusted inflation rate of 0,89% (31 March 2019 – 2.00%). The adjusted inflation rate was calculated to provide a more accurate measurement of the decommissioning liability

**The following table shows changes in the decommissioning liability:**

Balance beginning of the period	35.035.439	31.417.494
Increase in liabilities relating to development activities	440.963	154.110
Increase/-decrease in liab. relating to change in estimates and discount rates	-6.546.738	2.969.946
Accretion	674.572	833.496
Settlement of obligations	-1.616.810	-339.607
<b>Total</b>	<u>27.987.426</u>	<u>35.035.439</u>

**Account payable & Other liabilities**

**12 Account payable & Other liabilities**

**Account payable & Other liabilities**

Accounts payable - non related party	15.024	511.965
Accounts payable - related party	1.188.092	1.082.702
Taxes	254.365	3.044
Accrued liabilities - non related party	10.463.544	9.513.579
Accrued liabilities - related party	49.406.331	92.917.410
Interest accrued but not due on loan	1.198.976	686.500
<b>Total</b>	<u>62.526.332</u>	<u>104.715.200</u>

**Contingent assets and liabilities**

Disclosure of off-balance sheet commitments

Indoil Montney Ltd. is committed to certain payments over the next five fiscal years and thereafter as follows:

(\$million)	2021	2022	2023	2024	2025	Thereafter	Total
Term loan	-	-	-	-	477,20	-	477,20
Interest payable on term loan (1)	13,60	13,60	13,60	13,60	2,30	-	56,70
Pipeline Commitment	23,50	22,60	23,30	23,20	23,10	150,80	266,50
Other	0,07	0,07	0,05	-	-	-	0,19
<b>TOTAL</b>	<b>37,17</b>	<b>36,27</b>	<b>36,95</b>	<b>36,80</b>	<b>502,60</b>	<b>150,80</b>	<b>800,59</b>

(1) Given that the interest rate is variable, the interest payable over the next five (5) years has been estimated at the current interest rate of 2,85% which is the aggregate of a margin of 0.89% and applicable CDOR rate for the year ended 31 March 2020.

Notes to the consolidated profit and loss account

	<u>2019 / 2020</u> CAD	<u>2018 / 2019</u> CAD
<b>13 Net Turnover</b>		
Turnover	<u>437.935.818</u>	<u>399.545.858</u>
<b>14 Cost of sales</b>		
Cost of sales	<u>399.296.637</u>	<u>358.246.536</u>
<b>15 Exploration &amp; Production expenses</b>		
Operating expenses	18.590.355	21.913.938
Transportation expenses	20.153.808	21.333.916
Royalties	519.809	861.703
	<u>39.263.972</u>	<u>44.109.557</u>
<b>16 Personnel expenses</b>		
Wages and salaries	<u>479.961</u>	<u>745.136</u>
<b>Average number of employees</b>		
2019 / 2020		
	Active within the Netherlands	Active outside the Netherlands
Average number of employees 2018 / 2019	-	2,00
	Total	2,00
	Active within the Netherlands	Active outside the Netherlands
Average number of employees	-	2,00
	Total	2,00
<b>17 Depreciation of (in)tangible fixed assets</b>		
Depletion, depreciation, amortization and impairment	<u>437.440.387</u>	<u>39.029.315</u>
	<u>2019 / 2020</u> CAD	<u>2018 / 2019</u> CAD
<b>Depletion, depreciation, amortization and impairment</b>		
Depreciation costs on plant & equipment	42.440.387	39.026.510
Impairment loss on exploration & evaluation	395.000.000	-
	<u>437.440.387</u>	<u>39.026.510</u>
Loss on disposition of assets	-	2.805
	<u>437.440.387</u>	<u>39.029.315</u>

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	2019 / 2020	2018 / 2019
	CAD	CAD

**18 Accretion of decommissioning liability**

Accretion of decommissioning liability	674.572	833.496
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**19 Other operating expenses**

Housing expenses	41.229	96.057
Office expenses	10.858	18.245
General expenses	1.145.592	919.604
	1.197.679	1.033.906

**Housing expenses**

Rental expenses	39.570	94.565
Insurance premium property	1.659	1.492
	41.229	96.057

**Office expenses**

Office supplies	4.846	12.785
Telephone and fax expenses	6.012	5.460
	10.858	18.245

	2019 / 2020	2018 / 2019
	CAD	CAD

**General expenses**

Audit costs, review of the annual accounts	140.744	130.312
Notarial expenses	64.437	66.025
Professional and consulting expenditure	678.142	535.655
Other general expenses	201.930	151.707
Miscellaneous expenses	2.641	10.320
Bank expenses	16.740	16.575
Travel and related business expenses	40.958	9.010
	1.145.592	919.604

*Specification audit fees*

*Description audit fee type*

	Amount external auditor and audit firm	Amount network organization	Total amount
	CAD	CAD	CAD
Audit costs, review of the annual accounts	140.744	-	140.744
<b>Total audit fees</b>	140.744	-	140.744

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>20 Financial income and expense</b>		
Interest income	632.424	304.585
Currency exchange result	911.191	25.852
Interest and similar expenses	<u>-16.749.069</u>	<u>-15.616.988</u>
	<u>-15.205.454</u>	<u>-15.286.551</u>
<b>Interest and similar expenses</b>		
Interest expense	13.659.614	12.096.038
Financing cost	<u>3.089.455</u>	<u>3.520.950</u>
	<u>16.749.069</u>	<u>15.616.988</u>

Included in finance cost is amortization of debt issuance cost of \$1,9 million (31 March 2019 - \$2,5 million) and guarantee commission of \$1,1 million (31 March 2019 - \$1 million).

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>21 Share in result of participations</b>		
Other comprehensive income	19.925.988	9.072.545
Share in result of joint venture	21.632.093	24.609.141
Result on investment	-	581.603
	<u>41.558.081</u>	<u>34.263.289</u>

**Company financial statements**

**Company-only balance sheet as at 31 March 2020**  
(Before proposal appropriation of result)

**Assets**

		31-03-2020		31-03-2019	
		CAD	CAD	CAD	CAD
<b>Fixed assets</b>					
<i>Financial fixed assets</i>					
Investment in IndOil Montney Ltd.	22	477.438.480		1.206.931.001	
Investment in Falcon Oil & Gas B.V.		313.296.183		247.849.593	
			790.734.663		1.454.780.594
<b>Current assets</b>					
<i>Receivables</i>					
Trade receivables	23	49.417.250		92.923.043	
Accruals and prepaid expenses	24	11.179		7.487	
			49.428.429		92.930.530
<i>Cash &amp; Cash equivalents</i>	25		13.213.830		12.134.174
			853.376.922		1.559.845.298



**Liabilities**

		31-03-2020		31-03-2019	
		CAD	CAD	CAD	CAD
<b>Shareholders' equity</b>	26				
Issued share capital	27	1.131.302.435		1.131.302.435	
Share premium		324.035.459		324.035.459	
Other reserve		11.502.823		-522.551	
Result for the year		-663.209.854		12.025.374	
			803.630.863		1.466.840.717
<b>Account payable &amp; Other liabilities</b>					
Accounts payable		15.024		32.243	
Company tax		254.365		3.044	
Purchases to be invoiced		49.406.331		92.917.410	
Accruals and deferred income	28	70.339		51.884	
			49.746.059		93.004.581
			<u>853.376.922</u>		<u>1.559.845.298</u>

Company-only profit and loss account for the period 01-04-2019 until 31-03-2020

		2019 / 2020		2018 / 2019	
		CAD	CAD	CAD	CAD
<b>Net Turnover</b>	29	399.456.599		358.373.170	
Cost of sales	30	<u>-399.296.637</u>		<u>-358.246.536</u>	
<b>Gross margin</b>			159.962		126.634
Other operating expenses	31		<u>164.135</u>		<u>141.134</u>
<b>Operating result</b>			-4.173		-14.500
Financial income and expense	32		<u>1.091.353</u>		<u>29.913</u>
<b>Result of ordinary activities before taxation</b>			1.087.180		15.413
Taxation	33		<u>-251.103</u>		<u>-3.044</u>
			836.077		12.369
Share in result of participations	34		<u>-664.045.931</u>		<u>12.013.005</u>
<b>Net result after taxes</b>			<u><u>-663.209.854</u></u>		<u><u>12.025.374</u></u>

**Indoil Global B.V.**  
Amsterdam

## **Notes to the financial statements of the company-only annual report**

### ***Entity information***

#### **Registered address and registration number trade register**

The registered and actual address of Indoil Global B.V. is Strawinskylaan 937, 1077 XX in Amsterdam The Netherlands. Indoil Global B.V. is registered at the trade register under number 60092939.

### ***General notes***

#### **The most important activities of the entity**

The activities of Indoil Global B.V. and its group companies consist mainly of: holding shares in other companies and the purchase and sale of oil.

### ***General accounting principles***

#### **The accounting standards used to prepare the financial statements**

The company-only financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

### ***Accounting principles***

#### **Financial assets**

Up till the financial year 2018/2019 Indoil Global B.V. made use of article 408, book 2 of the Dutch Civil Code and did not prepare consolidated accounts and its investments in participations were stated at acquisition cost.

During the financial year 2019/2020 Indoil Global B.V. prepared consolidated accounts and the valuation of the investments in the stand alone financials changed to net asset value.

#### **Impairment of financial assets**

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. Impairments, if any, are recognised in the Profit and Loss account. If it is established that a previously recognised impairment no longer applies or has decreased, the impairment will be reversed, whereby the carrying amount of the related asset will not be set higher than the carrying amount that would have been resulted had no asset impairment been recognised.

#### **Prepayments and accrued income**

On initial recognition accrued income are recognised at fair value. After initial recognition accrued income are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value

#### **Cash and cash equivalents**

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

#### **Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

**Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

**General and administrative expenses**

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

**Other operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Financial income and expenses**

Interest income and expenses consist of interest received from or paid to third parties.

**Income tax expense**

Corporation tax is calculated at the applicable tax rates based on the results before taxation shown in the Profit and Loss account and taking into account tax allowances and tax adjustments. Deferred tax assets arising from tax loss carry forwards are only recognised if recovery is reasonably certain.

**Share in results of participating interests**

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Indoil Global B.V.

Up till the financial year 2018/2019, the result is the amount of dividends received from the participation and/or the impairment that has taken place.

**Indoil Global B.V.  
Amsterdam**

**Notes to the balance sheet**

**Fixed assets**

**Financial fixed assets**

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>100% Participation in group company IndOil Montney Ltd., Canada</b>		
Book value as at 1 April	1.206.931.001	1.176.931.001
Investments	-	30.000.000
Profit/(Loss)	-456.710.024	-
Corrections previous years	-272.782.497	-
	<u>477.438.480</u>	<u>1.206.931.001</u>
	<u>477.438.480</u>	<u>1.206.931.001</u>
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>30% Participation in associated company Falcon Oil &amp; Gas B.V.</b>		
Balance as at 1 April	247.849.593	234.203.725
Investments	-	13.645.868
Profit/(Loss)	21.632.093	-
Share of other comprehensive income	19.925.988	-
Corrections previous years	23.888.509	-
	<u>313.296.183</u>	<u>247.849.593</u>
	<u>313.296.183</u>	<u>247.849.593</u>
<b>Receivables</b>		
	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>23 Trade receivables</b>		
To be invoiced	49.417.250	92.923.043
	<u>49.417.250</u>	<u>92.923.043</u>
	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>24 Accruals and prepaid expenses</b>		
Accruals and prepaid expenses	11.179	7.487
	<u>11.179</u>	<u>7.487</u>
	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>25 Cash &amp; Cash equivalents</b>		
Current Account	13.213.830	12.134.174
	<u>13.213.830</u>	<u>12.134.174</u>

**26 Shareholders' equity**

Movements in equity were as follows:

	Issued share capital	Share pre- mium	Other reserve	Result for the year	Total
	CAD	CAD	CAD	CAD	CAD
Balance as at 1 April 2019	1.131.302.435	324.035.459	-522.551	12.025.374	1.466.840.717
Currency translation differences	-	-	-	-30.150.385	-30.150.385
Result for the year	-	-	-	-633.059.469	-633.059.469
Appropriation of result	-	-	12.025.374	-12.025.374	-
Balance as at 31 March 2020	1.131.302.435	324.035.459	11.502.823	-663.209.854	803.630.863

**27 Issued share capital**

The issued and paid-up share capital amounts to CAD 1.131.302.435 and consists of 1.131.302.435 shares with a nominal value of CAD 1 each as on balance sheet date (31 March 2019: 1.131.302.435 shares).

**Account payable & Other liabilities**

	<u>31-03-2020</u>	<u>31-03-2019</u>
	CAD	CAD
<b>28 Accruals and deferred income</b>		
Tax advisory fees	6.614	9.257
Audit fees	38.738	25.918
Professional charges	24.987	16.709
	<u>70.339</u>	<u>51.884</u>

Notes to the company-only profit and loss account

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>29 Net Turnover</b>		
Turnover	<u>399.456.599</u>	<u>358.373.170</u>
<b>Geographic segmentation turnover</b>		
India	<u>399.456.599</u>	<u>358.373.170</u>
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>30 Cost of sales</b>		
Cost of sales	<u>399.296.637</u>	<u>358.246.536</u>
<b>Average number of employees</b>		
2019 / 2020	Active within the Netherlands	Active outside the Netherlands
Average number of employees 2018 / 2019	-	-
	Active within the Netherlands	Active outside the Netherlands
Average number of employees	-	-

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD

**31 Other operating expenses**

General expenses	<u>164.135</u>	<u>141.134</u>
------------------	----------------	----------------

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD

**General expenses**

Audit costs, review of the annual accounts	36.849	36.138
Notarial expenses	12.315	23.663
Bank expenses	4.920	4.666
Miscellaneous expenses	439	2.955
Professional and consulting expenditure	109.612	73.712
	<u>164.135</u>	<u>141.134</u>

*Specification audit fees*

*Description audit fee type*

	Amount exter- nal auditor and audit firm	Amount net- work organiza- tion	Total amount
	CAD	CAD	CAD
Audit costs, review of the annual accounts	36.849	-	36.849
<b>Total audit fees</b>	<u>36.849</u>	<u>-</u>	<u>36.849</u>

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD

**32 Financial income and expense**

Interest income	274.621	14.974
Currency exchange result	831.508	14.942
Interest and similar expenses	-14.776	-3
	<u>1.091.353</u>	<u>29.913</u>

	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD

**Interest income**

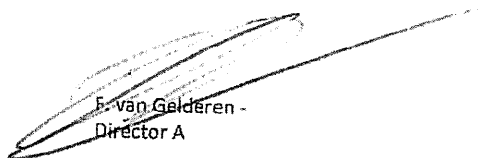
Received bank interest	<u>274.621</u>	<u>14.974</u>
------------------------	----------------	---------------

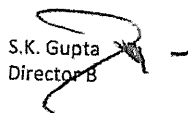


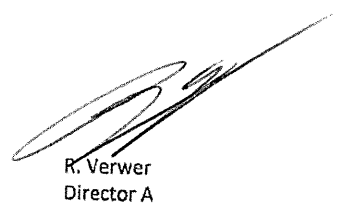
Indoil Global B.V.  
Amsterdam

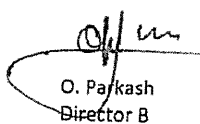
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>Interest and similar expenses</b>		
Interest expense	14.776	3
	<u>          </u>	<u>          </u>
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>33 Taxation</b>		
Income tax expense from current financial year	-251.103	-3.044
	<u>          </u>	<u>          </u>
	%	%
Effective tax rate	23,10	19,75
Applicable tax rate	23,10	19,75
	<u>          </u>	<u>          </u>
	<u>2019 / 2020</u>	<u>2018 / 2019</u>
	CAD	CAD
<b>34 Share in result of participations</b>		
Result from IndOil Montney Ltd., Canada	-729.492.521	-
Share in result of joint venture	65.446.590	12.013.005
	<u>          </u>	<u>          </u>
	-664.045.931	12.013.005
	<u>          </u>	<u>          </u>

Amsterdam, 22 June 2020

  
F. van Gelderen -  
Director A

  
S.K. Gupta  
Director B

  
R. Verwer  
Director A

  
O. Parkash  
Director B

**Other information**

*Reference to the auditor's opinion*

The auditor's opinion is set out in the following pages.

*Provisions of the Articles of Association relating to profit appropriation*

According to Article 21 of the Articles of Association of the Company the appropriation of the result of the Company is at the disposal of the general meeting.

## Appendices

**1. Income tax specification**

**Notes to the Consolidated Financial Statements as at 31 March 2020**

**Income Taxes**

The following table reconciles the income tax expense/(recovery) computed by applying the Dutch/Canadian statutory rate to the consolidated result of ordinary activities before taxes with the income tax expense/(recovery) actually recorded:

	As at March 2020 CAD	31	As at 31 March 2019 CAD
Net income/(loss) before taxes subsidiary	(456,710,024)		(59,172,449)
Net income/(loss) before taxes company	1,087,180		15,413
<b>Total net income before taxation</b>	<b>(455,622,844)</b>		<b>(59,157,036)</b>
Income tax(charge) subsidiary	121,028,156		15,976,561
Income tax benefit company	(251,103)		(3,044)
Income tax(charge)	120,777,053		15,973,517
Full valuation allowance against income tax benefit	-		-
<b>Income (loss) before income tax expense</b>	<b>(120,777,053)</b>		<b>(15,973,517)</b>
Effect on taxes resulting from:			
Non-deductible expenses	-		727
Impact of income tax rate change	12,183,993		(1,740,230)
Unrecognized tax benefit	111,952,686		17,605,612
Provision to return adjustment	(3,108,523)		(32,549)
Other	-		143,001
<b>Total Tax Expense (Recovery)</b>	<b>251,103</b>		<b>3,044</b>

The Canadian statutory tax rate of 26.5% (31 March 2019 = 27.0%) used in the reconciliation above represents the combined federal and provincial corporate tax rate.

The statutory tax rate declined due to the reduction of the Alberta corporate income tax rate on July 1, 2019 from 12% to 11% and on January 1, 2020 from 11% to 10%.

The components of the net deferred income tax asset/(liability) at 31 March 2020 and 31 March 2019 were as follows:

	As at March 2020 CAD	31	As at 31 March 2019 CAD
<b>Deferred tax assets :</b>			
Non-capital losses	-		12,267,445
Debt financing fees	-		-
Decommissioning liability	-		9,459,569
	-		21,727,014
<b>Deferred tax liabilities :</b>			
Property, Plant and Equipment	-		(21,348,780)
Investments in partnerships	-		-
Debt issue costs and others	-		(378,234)
	-		(21,727,014)
<b>Net deferred income tax asset/(liability)</b>	<b>-</b>		<b>-</b>
Unrecognized Deferred tax asset	-		-
Net Deferred tax assets/(liabilities)	-		-

**Notes to the Consolidated Financial Statements as at 31 March 2020**

**Income Taxes (cont'd)**

The components of the net deferred income tax asset/(liability) at 31 March 2019 and 31 March 2018 were as follows:

	As at 31 March 2019 CAD	As at 31 March 2018 CAD
<b>Deferred tax assets :</b>		
Non-capital losses	12,267,445	21,791,274
Contingent liability	-	-
Decommissioning liability	9,459,569	8,206,249
	<u>21,727,014</u>	<u>29,997,523</u>
<b>Deferred tax liabilities :</b>		
Property, Plant and Equipment	(21,348,780)	(29,633,979)
Debt issue costs and others	(378,234)	(363,544)
	<u>(21,727,014)</u>	<u>(29,997,523)</u>
<b>Net deferred income tax asset/(liability)</b>	<u>-</u>	<u>-</u>

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through future taxable profits is probable.

During the year the following temporary differences were not recognized as there was insufficient future taxable profits to support their recognition.

	As at 31 March 2020 CAD	As at 31 March 2019 CAD
Property, plant and equipment	227,790,802	-
Debt financing fee	520,390	-
Decommissioning liability	27,987,426	-
Non-capital losses	457,601,227	242,937,560
Capital losses	22,541,459	-
	<u>736,441,304</u>	<u>242,937,560</u>

The Company has estimated tax pools totaling:

	Rate of claim	As at 31 March 2020 CAD	As at 31 March 2019 CAD
Canadian development expense	30%	192,084,846	188,438,375
Canadian oil and gas property expense	10%	722,740,925	778,698,315
Canadian exploration expense	100%	3,255,562	3,218,765
Non-capital losses	100%	457,601,227	288,372,541
Net capital losses	100%	11,270,730	13,576,536
Undepreciated capital cost	Various	285,113,386	288,607,594
Undepreciated capital cost (not available for use)	N/A	-	24,494,465
		<u>1,672,066,676</u>	<u>1,585,406,591</u>

Non-capital losses of \$457,601,227 will begin to expire in 2034. There are net capital losses of \$11,270,730 which do not expire.

**2. Consolidated statement of changes in equity**

**Consolidated Statement of Changes in Equity as at 31 March 2020**

*(in CAD)*

	Share Capital	Share Premium	Foreign currency Translation Reserve	Accumulated profit/(loss)	Result for the year	Total
<b>Balance as at 1 April 2018</b>	1,116,302,435	295,313,387	1,151,852	(148,846,298)	(64,218,323)	1,199,703,053
During the year	15,000,000	28,722,072	-	-	-	43,722,072
Adjustment	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Allocation of result of previous year	-	-	-	(64,218,323)	64,218,323	-
Result for the year	-	-	9,072,545	-	(34,550,941)	(25,478,396)
<b>Balance as at 31 March 2019</b>	<b>1,131,302,435</b>	<b>324,035,459</b>	<b>10,224,397</b>	<b>(213,064,621)</b>	<b>(34,550,941)</b>	<b>1,217,946,729</b>
<b>Balance as at 1 April 2019</b>	1,131,302,435	324,035,459	10,224,397	(213,064,621)	(34,550,941)	1,217,946,729
During the period	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Allocation of result of previous year	-	-	-	(34,550,941)	34,550,941	-
Result for the period	-	-	19,925,988	-	(434,241,854)	(414,315,866)
<b>Balance as at 31 March 2020</b>	<b>1,131,302,435</b>	<b>324,035,459</b>	<b>30,150,385</b>	<b>(247,615,562)</b>	<b>(434,241,854)</b>	<b>803,630,863</b>



## **INDEPENDENT AUDITOR'S REPORT**

To: The shareholders of IndOil Global B.V.

### **A. Report on the audit of the financial statements for the year ended 31 March 2020 included in the annual report**

#### **Our opinion**

We have audited the financial statements for the year ended 31 March 2020 of IndOil Global B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IndOil Global B.V. as at 31 March 2020 and of its result for the year ended 31 March 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 March 2020;
2. the consolidated and company profit and loss account for the year ended 31 March 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of IndOil Global B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;

- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance/supervisory board regarding, among

other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 22 June 2020

Hoogachtend,

Londen & Van Holland  
Registeraccountants en Belastingadviseurs

Original signed by:  
drs. K.J. Schouten RA